FINANCIAL TIMES

No. 27,719

Monday November 20 1978

CONTINENTAL SELLING PRICES: AUSTRIA Sch 15; BELGIUM Fr 25; DENMARK Kr 3.5; FRANCE Fr 3.0; GERMANY DM 2.0; ITALY L 500; NETHERLANDS Fl 2.0; NORWAY Kr 3.5; PORTUGAL Esc 20; SPAIN Pts 40; SWEDEN Kr 3.25; SWITZERLAND Fr 2.0; EIRE 15p

NEWS SUMMARY

GENERAL

Airstrip killings suspect arrested

An American was arrested in Guyana last night after a U.S. Congressman and four other Americans had been shot dead at a remote airstrip near the headquarters of a religious sect.

Congressman Leo Ryan, three American journalists and a woman died as the party were boarding an aircraft to fly back to the U.S. They had been investigating claims that some members of the People's Temple sect—mostly Americans—were being held against their will.

The State Department in Washington said reports were reaching the Guyana Government that 200 members of the sect had committed suicide while the airstrip ambush was going on. Page 2

Begin rejects Egypt move

Israeli Prime Minister Menahem Begin rejected Egypt's proposals for a fixed timetable governing the introduction of self-rule on the West Bank and Gaza, saying Israel would abide by the Camp David agreements but would not accept any modifications. Page 2

Four people were killed and at least 20 injured when a bomb was thrown into a bus in Jericho. There was another bomb explosion in Tel Aviv, injuring two people.

77 die in jet

Seventy-seven people died when an Indian Air Force jet crashed on landing at Leh, Northern India.

Ulster blasts

About 30 firebombs were planted in Ulster at the weekend, 17 of which exploded starting serious fires. The border town of Newry was worst hit, with seven buildings damaged. Thirteen bombs were found and defused. Page 4

Rebel sees Pope

Pope John Paul II has had a surprise meeting with the rebel French Archbishop Marcel Lefebvre, suspended from all priestly duties in 1976 after defying liberal reforms. The meeting was at the archbishop's request

Uganda demand

Labour MP Mr. Frank Allaun, will try to raise an emergency question in the Commons today about reports that a Ugandan Hercules aircraft is being overhauled and fitted for use by paratroopers "somewhere in the south of England"

Thorpe hearing

Committal proceedings start at Minehead, Somerset, today in the case in which former Liberal leader, Mr. Jeremy Thorpe and three others are accused of conspiracy to murder Mr. Norman Scott. Mr. Thorpe is also accused of incitement to murder. There have been 140 applications from the world's Press for a seat in the small court.

Spain plot

Spain has foiled a Rightist plot to seize the Cabinet and hold its members hostage to force the formation of a Government of national unity. At least two officers in the armed forces have been arrested. Page 2

Briefly . . .

Cost of running the Church of England was £102m last year and will be £131m next year.

Ocean-going barge under tow sank 35 miles off Guernsey.

Man drowned when his car went over the pier at Oban, Argyll.

Nearly 3,000 Jews marched to the Cenotaph, London, for their annual remembrance service.

Weekly £50,000 Premium Bond winner lives in Tyne and Wear. Number: 2PL 650074.

Markku Alen in a works Lancia led the Lombard-RAC Rally at the end of the first day.

BUSINESS

Lowest optimism for two years

● **CONSUMERS'** fears about large pay demands leading to a rise in the rate of inflation are reflected for the second month running in the November Financial Times survey of consumer confidence.

Confidence for the future is at its lowest level for almost two years, the survey shows, and the trend is worsening. Page 29

● **RECORD CHRISTMAS** spending boom is predicted in a business forecast by Charterhouse Group. The review expects spending to level off in the New Year. Page 4

● **UK OFFSHORE** oil and gas exploration licensing Sixth Round closes today, with 46 blocks on offer. Interest is expected to focus on areas of the South Western Approaches, the central North Sea and to the north-west of the Shetlands. Back Page

● **OPEC** member countries have drawn up a production limitation arrangement to absorb the "oil glut" which exerted a downward pressure on their prices in the first half of this year. Under the arrangement, each producing country has agreed to limit production to meet market demand. Meanwhile Sheikh Yamani has said that Saudi Arabia would prefer to see a freeze on oil prices. Page 2

Turbines study

● **GOVERNMENT** "think tank" has been asked to study and report on rival designs for turbine generators, after the increasingly bitter competition between GEC and Northern Engineering Industries C. A. Parsons division for orders for two advanced gas-cooled reactors at Torness and Heysham. Back Page

● **GENERAL ELECTRIC** Company plans to build an £11m factory in North Wales to manufacture Hotpoint washing machines are being reconsidered because of cheap imports of Italian machines. Back Page

● **ICI** is planning to restart several petrochemical plants on Teesside, which have been shut since the summer because of skilled staff shortages. The closures have cost the company about £10m in lost profits. Back Page

● **EUROPEAN** makers of electric motors have agreed to take joint action against alleged dumping from Eastern Europe. They will lodge a detailed formal complaint before the EEC Commission in mid-December. Back Page

● **ROAD HAULAGE** Association has appealed to Mr. Roy Hattersley, Secretary of State for Prices and Consumer Protection, against the Price Commission's recent recommendation that hauliers' operating charges and profit margins should be pegged for 12 months to the prevailing rate of inflation. Back Page

● **BL TRIUMPH** shop stewards at Speke, Liverpool, are to hold talks with their local MP after their rejection of BL's voluntary redundancy proposals at the weekend. Page 4

● **PRUDENTIAL ASSURANCE** faces disruption from today because of a pay dispute involving 6,000 ASTMS staff. Page 4

● **STOCK EXCHANGE** members are expected to vote in favour of replacing annual membership with life membership at next week's extraordinary meeting. Page 4

● **CHINA** has produced a record 28m tonnes of steel so far this year, and expects output to top 30m tonnes by the end of December. Production is expected to be about 6m tonnes better than last year. Page 2

● **SKILLED** UK staff are attracted overseas by higher salaries, wider experience and the UK tax system, according to an annual survey published by Overseas Recruitment Service, the international job placement arm of the Swiss-based Adia Group. Page 4

CONTENTS OF TODAY'S ISSUE

FEATURES

For latest Share Index 'phone 01-246 8026

Ministers prepare for new attempt to avert pay chaos

BY PHILIP RAWSTORNE AND PAULINE CLARK

GOVERNMENT Ministers are preparing for new, informal talks with TUC leaders soon in a bid to avert the industrial and political chaos threatened by a pay battle this winter with public sector and other unions.

The urgent need for this new accord will be underlined this week when leaders of 230,000 miners formally table a 40 per cent pay demand.

Other big unions are lining up for similar increases, including 250,000 hospital ancillary workers, as part of a big drive by 1.5m local authority manual employees who are seeking a £60 a week minimum wage.

Other workers preparing for a fight over pay are 90,000 power workers, and tanker drivers employed by all the big oil companies.

About 9,000 provincial journalists and 6,000 Prudential Assurance workers begin work-to-rules today in support of pay claims.

The journalists' employers are asking for a 9 per cent rise to be granted.

The first tentative approaches to the TUC by Ministers may be made at today's meeting of the Labour Party-TUC liaison committee which will be discussing the joint policy document, "Into the Eighties."

Ministers are concerned that the split on pay policy should not widen into confrontation.

Without seeking to re-open negotiations on the draft pay agreement rejected by the TUC, efforts will be made to build an understanding that would lessen the risk of widespread strikes.

Ministers are also anxious to avoid being forced into tough budget measures to offset any wage explosion in next year's run-up to the General Election.

Mr. Roy Hattersley, Prices Secretary said at the weekend that it was "absolutely essential" to maintain the partnership between Government and TUC. Individual proposals in the draft declaration still offered a way forward.

The line of approach likely to be pursued is the implementation of proposals for establishing comparability links between private and public sector pay.

But yesterday, Mr David Basnett, general secretary of the General and Municipal Workers' Union, asked: "How can the public service unions receive the benefit to their members which was possible under the proposed comparability exercises?"

Recognised

Opinion among Ministers seems to be moving in favour of a wide-ranging inquiry system that would advise the Government on relativities.

Individual ad hoc inquiries on pay in certain cases might also be retained but it is recognised that their effect has usually been to achieve industrial peace at the cost of further inflation.

As it prepares for this salvage operation with the unions, the Government is also coming under strong political and industrial pressure to clarify its pay sanctions policy.

Its decision in principle to impose sanctions against companies making excessive pay settlements faces it with the immediate problem of how to use these discretionary powers if the Ford dispute ends this week with a pay award of about 17 per cent.

Mr. James Callaghan's demands to the Ford management to detail the implications of such an award for the prices of its vehicles, suggest that any Government action would be directed at preventing a price increase.

No Government decision has been taken, however, on how widely or rigorously sanctions would be imposed.

The weapons at its disposal also include the withdrawal of aid, the cancellation of contracts, and in the case of the nationalised industries, reduction in the cash for investment projects.

It became obvious that the Government was running short of time when Department of Employment figures showed a significant number of employers were delaying wage settlements because of uncertainty over pay policy.

By mid-October settlements in the first 2½ months of the year were already about 30 per cent below the 1977 level.

On the union side failure to follow up last summer's promise of a commitment to the 35-hour week as a priority in this year's negotiations has almost certainly helped to fuel the rush for increases.

Continued on Back Page

Fear of State sanctions as Ford talks resume

BY ALAN PIKE

TALKS WHICH may bring the two-month-long Ford strike closer to a solution, resume in London today with negotiators on both sides aware that the eventual settlement will almost certainly provoke Government sanctions.

The question of sanctions has been discussed privately between the company's most senior management and Ministers during the course of the strike.

Ford will expect the Government to take all the circumstances of the dispute into acount, when deciding what action to take. The company has already suffered an eight-week-long stoppage, which has affected its production in Europe as well as Britain.

In addition, executives are known to feel that, with the company's good profitability and the expiry of its wage agreement at the very beginning of the pay round, Ford became the inevitable scene for a symbolic battle by the unions to break the 5 per cent policy.

Package

Probably the most direct sanction which the Government could apply would be to instruct public departments and local authorities not to buy Ford vehicles.

Another possible penalty area—through the company's applications for price increases—would have to be applied with care, since unilateral restrictions on Ford prices might affect the competitive position of BL.

The basic rate offer in Ford's proposed pay package averages 8.75 per cent—almost double the Government guidelines. A proposed supplementary payment system, designed to improve efficiency and new holiday pay arrangements, complete a total package worth about 17 per cent.

During two meetings last week, union negotiators failed to raise the total value of the offer. Today, they are expected to decide whether, having won some attractive concessions in the application of the supplementary payments scheme, they should recall mass meetings of the strikers.

Alternative suppliers found

AS THE Ford dispute goes into its ninth week, the group's European strategy has become clear. It has consolidated production at its bigger plants whenever possible, often at the expense of smaller units elsewhere, writes Kenneth Gooding.

And it has found suppliers to replace components which would normally have been supplied from Britain.

The success of this search for replacement component supplies has allowed a postponement, for at least one week, of short-time working at Cologne. Ford's biggest European plant, employing 30,000.

The cut at Cologne, where Granada and Capri cars are assembled, should have started today.

However, it has taken longer to fill the supply line at Ford Valencia in Spain, where 8,500 are employed assembling Fiestas. About 2,000 workers are to be laid-off this week, and production halved to 552 cars a day for two weeks from today. By December 4, the plant should be back to full stretch with components from other European countries should the UK strike continue.

The main shortages in Europe are of carburettors, radiators and instrument panels, usually supplied from the UK.

The other plant still working normally, apart from Cologne, is the transmission factory, with 3,000 employees, at Bordeaux, France.

Elsewhere in Europe the position yesterday was:

Amsterdam: Half the 1,200 at this heavy trucks plant are on a one-day working week.

Antwerp: All 2,500 laid off at this heavy tractor plant.

Genk (Belgium): 2,000 out of the 11,000 employees have been laid off. The plant makes Taunus cars (a version of the Cortina) and Transit vans.

Portugal: All 400 at Ford's small car and truck assembly plant have been laid off.

Saarlouis, West Germany: Two thirds of the 7,000 employees have been laid off. This plant usually assembles Fiesta and Escort cars, but all production of the Fiesta has been concentrated in Spain for the time being.

All 15 plants in the UK, employing 57,000, were at a standstill, and it would take a week or more to bring them back into full production after the employees' return to work.

Ford has about 20,000 cars ready to be released into the retail outlets almost as soon as the strike ends. They are at depots, ports or at the end of production lines, and represent about three weeks' normal sales

CBI attacks Companies Bill scheme to protect employees

BY JOHN ELLIOTT, INDUSTRIAL EDITOR

A SHARP ATTACK on the Government's plans to give the interests of employees a new legal status in company Boardrooms through the recently published Companies Bill is launched this morning by the Confederation of British Industry.

A statement timed to coincide with the Bill's Second Reading in the Commons today says that the plan is "yet another imposition on industry by political theorists whose ideas of business management are largely unsupported by practical experience."

The Bill says that company directors should be required by law to have regard to the interests of their employees as well as their shareholders when making business decisions.

This is an innovation which has been planned by both Conservative and Labour Governments in various forms for some years. It is linked with the industrial democracy debate on worker directors, but until now, it has not provoked much opposition. Many company directors have said that it is not important because they already take their employees' interests into account.

However, the confederation's reaction, which is in line with the views expressed recently by the Stock Exchange Council, is that it could be far more disruptive to straightforward management than has been believed.

Initiative

This is because of the possible legal problems of interpreting employees' interests in a management decision.

"We don't want to open up the possibility that every board decision could be legally challenged by disaffected employees." Mr. Bryan Rigby, the confederation's new director responsible for company law matters, said last night.

"There should not be a recourse to law just because an employee disagrees with a director's commercial judgement. This will tend to kill the kind of entrepreneurial initiative we so badly need."

Every company recognised that it had a major responsibility for its employees' interests, which had to be fulfilled for a business to prosper. "It does not require legislation to tell it to do this."

Mr. Rigby said that the confederation also agreed with the Stock Exchange Council that the Bill's proposals on insider dealing could, if not handled carefully, inhibit legitimate investment, and discourage directors and managers from holding shares in their own companies.

Brezhnev warns West over Iran

BY DAVID SATTER

MOSCOW, Nov. 19.

THE SOVIET UNION today issued a highly authoritative warning to the West not to interfere militarily in Iran.

Mr. Brezhnev said: "It should be clear that any interference, especially military, in the affairs of Iran, a state which directly borders the Soviet Union, would be regarded by the Soviet Union as affecting its own security."

The statement was issued in response to Press reports from Washington, carried here by Tass, the Soviet news agency, that the U.S. was planning to "interfere militarily in the internal affairs of Iran."

Mr. Brezhnev said that the events in Iran, with which the Soviet Union shares a 1,200-mile border and maintains "good neighbourly" relations, have a completely internal character. The solution was up to the Iranians themselves.

His statement comes as Soviet commentators show signs of moving away from the non-committal stand of recent weeks, to cautious support for the opponents of the Shah. The weekly Soviet television news review today quoted Western Press reports that the Shah was "highly unpopular in his country."

'Provocatory'

The news review added that the Shah had "led or rather dragged Iran into the 20th century, but left it at a dead end. The only way out of this dead end is to rebuild its social and political structure."

[In Washington, Mr. Cyrus Vance, U.S. Secretary of State, said: "As President Carter has indicated, the U.S. does not intend to interfere in the internal affairs of any other country and reports to the contrary are totally without foundation."]

The Soviet Union has described as "groundless and provocatory, from beginning to end," assertions in the U.S. press that MiG-23 fighter planes have made their appearance in Cuba and that their presence runs counter to the 1962 U.S.-Soviet agreement on the island.

Pravda said that the newspaper article about the Mig-23s was inspired by individuals from "the opponents of mutually advantageous Soviet-American co-operation" at a time when negotiations to limit strategic weapons have entered a "decisive stage."

EEC meeting to discuss UK demands

BY GUY DE JONQUIERES, COMMON MARKET CORRESPONDENT

BRUSSELS, Nov. 19.

DEMANDS by Britain, Ireland and Italy for a fairer distribution of resources inside the Common Market to assist the economic development of its poorer members are expected to be taken up by EEC Finance Ministers when they meet in Brussels tomorrow.

The meeting is the first to be held in the Belgian capital since Mr James Callaghan, the Prime Minister, called last Monday for fundamental reforms of the EEC to end distortions likely to make Britain the single biggest net contributor to the budget in 1980, with a payment of more than £800m a year.

While it is not expected to take any firm decisions, the meeting is likely to test reactions to Mr. Callaghan's complaints.

The calculations on which they are based are borne out in a report by the EEC Economic Policy Committee, which will be before the Ministers, but the Prime Minister's strictures have already aroused criticism in Paris and Bonn.

Other Governments concede that Britain's budget share is large, but point out that the UK had been prepared for this before EEC entry. Indeed, the Treasury had forecast that net contributions during the first five years of membership would be even higher.

Some of Britain's partners say that the costs have been offset by "green currency" payments, which cushions the effect of exchange rate movements on intra-EEC trade in farm products.

If these were included, Britain's net contribution last year of more than £400m was transformed into net receipts of more than £80m.

UK officials retort that green currency payments are made to agriculture exporters and represent a subsidy to producers as much as to consumers. In addition, the payments did not cover fully the extra cost to Britain of having to buy its imported food at EEC prices.

If this difference was included, and if the UK's budget contribution had not been held down by temporary transitional arrangements agreed on entry, the net resource cost of EEC membership to its economy last year would have been almost £1.2bn, they claim.

Though some of Britain's points are tacitly supported by Ireland and Italy, both countries are emphasising their demand for investment aid more heavily than the need for budget reforms.

The Finance Ministers are also due to complete preparatory work on the detailed operation of the planned European Monetary System, expected to be put in place at the beginning of next year.

A good deal of progress has been made recently at the technical level, but differences remain even between the most enthusiastic supporters of the monetary system. They confirm the precise exchange rate mechanism to be used, the rules for Central Bank intervention and the size and composition of credit facilities.

It is expected that the Ministers will submit a number of these differences to EEC heads of government in the form of options to be decided at the next European "Summit" in Brussels on December 4 and 5.

Though Britain is not expected to join the monetary system from the outset, it has said that it will not attempt to obstruct the scheme. Italy and Ireland are likely to participate from the start.

Farm prices Page 21

Euro-poll decision week for Labour

BY PHILIP RAWSTORNE

CRITICAL decisions on the Labour Party's approach to next year's direct elections to the European Parliament are to be faced by its National Executive Committee this week.

The primary question to be resolved is that of financing the party's election campaign.

A proposal to provide £100,000 from party funds will be considered by Labour's Finance Committee today in advance of the full executive meeting on Wednesday.

With demands for a further £80,000 already being made for the devolution campaigns in Scotland and Wales, the issue will inevitably rouse considerable controversy among the party's deeply divided leadership.

It is likely to lead to further pressure on Mr. James Callaghan to legislate quickly to provide

Continued on Back Page

Saudi Arabia calls for price freeze by OPEC

BY KATHLEEN BISHTAWI IN ABU DHABI AND JAMIE BUCHAN IN JEDDAH

SHEIKH ZAKI YAMANI, Saudi Arabia's Oil Minister said yesterday that he would prefer a price freeze when the Organisation of Petroleum Exporting Countries meets in Abu Dhabi to consider prices next month.

Sheikh Yamani, whose remarks hold out the prospect of another split in OPEC's ranks over prices, was speaking to reporters accompanying Mr. Michael Blumenthal, the U.S. Treasury Secretary, on a tour of oil producers.

Mr. Blumenthal left Saudi Arabia for Abu Dhabi yesterday after giving no clear indication that he had made progress in persuading OPEC's largest producer that its best interest lay in protecting the dollar rather than in supporting an oil price increase.

But Mr. Blumenthal is understood to have received Saudi assurances of moderation after pointing out Saudi Arabia's interest in a stable dollar—the unit of account for oil sales—in the light of President Carter's recent measures to support the currency.

Sheikh Yamani's statement leading to speculation that there could be a repetition of the 1976 OPEC conference in Doha when Saudi Arabia and the United Arab Emirates went for a 5 per cent increase and the rest for a 10 per cent rise. Saudi Arabia's opening shot at that conference was a call for a price freeze.

Already, Saudi Arabia's close ally in OPEC, the United Arab Emirates, has said it would go along with such a policy. Dr. Mana Saeed Al-Oteiba, the UAE Oil Minister said last night "We will not allow the Saudis to be isolated. Even if it is a decision that the others will not accept, we will support them."

The Minister said there was no real danger of a split in OPEC. "The Doha experience was something the rest of OPEC might not like to try again."

He said that the UAE would prefer a moderate price rise, but that if Saudi Arabia insisted on a freeze, then the UAE would follow suit. He declined to discuss what a moderate rise might be.

A slight increase would not disturb the market, he said, but a large increase would. "No country which is wise would go for a large increase."

Meanwhile Mr. Blumenthal said he was hopeful that OPEC would consider the advantages of a programme which increased the value of the dollar and lowered inflation instead of a rise in oil prices which would do the exact opposite.

Mr. Blumenthal pleaded for extreme caution at Abu Dhabi, which is understood to mean an increase not larger than 5 per cent. But some OPEC members are calling for increases of up to 25 per cent.

EEC meets ASEAN in Brussels

EEC Foreign Ministers meet their counterparts from the Association of South East Asian Nations (ASEAN) here today in talks which, it is hoped, will ultimately lead to a co-operation agreement, Margaret van Hatten writes from Brussels. The two day meeting, the first at ministerial level, is not expected to produce anything of substance. Rather it is to demonstrate EEC recognition of ASEAN as a political entity, underlining the fact that any agreement will be made with the Association, and not its members—Singapore, Thailand, Malaysia, Indonesia and the Philippines—individually.

The average growth rate of the ASEAN countries during the 1970s, is approaching eight per cent, more than double that in the Community. Although the UK and the Netherlands have the closest historical links with the region, West Germany has been the most active in testing the possibilities for investment and joint ventures, and has provided most of the initiative from the European side of the current round of talks.

Madrid plot 'not a serious threat'

BY ROBERT GRAHAM

MADRID, Nov. 19.

A PLOT by Right-wing extremists in the paramilitary police and the armed forces to arrest the Cabinet, which was uncovered last week, was dismissed today as no serious threat to the State. Informants close to the Government said the scheme was far-fetched and did not reflect on the loyalty of the military.

The plan was to seize the Cabinet last Friday during its weekly meeting at the Prime Minister's official residence, the Moncloa Palace, and then to use the Ministers as hostages to demand the formation of a government of national reconciliation.

The venture did not take place because military intelligence was alerted by a series of meetings at a Madrid cafe, and by information passed on by people who were asked to take part. Only two arrests have been confirmed so far—one a colonel in the Civil Guard with a known record of right-wing disaffection, and the other a captain in the armed police.

It is said that King Juan Carlos would never have left for his state visit to Mexico on Friday if he had thought that the plotters posed a serious threat to Spain's infant democracy. He has said in Mexico that he has no intention of curtailing his tour.

The news comes, however, at a time of growing tension as Spain prepares for the referendum on the constitution on December 6. Both the extreme right and the militant Basque separatist group, ETA, have announced their strong opposition to the proposals.

On Thursday a former head of Franco's special public order court was assassinated in Madrid, an action for which ETA has since claimed responsibility. It was also announced at the weekend that a regional commander of the Civil Guard, General Juan Atares Pena, had been put under house arrest, after an incident involving the Defence Minister.

The General is reported to have interrupted the Defence Minister during a speech at Cartagona on Friday and to have shouted that the constitution was "Marxist and abortionist."

Some 100,000 people attended a rally in Madrid today to mark the third anniversary of Franco's death. They chanted, "Franco, Franco" and gave the fascist salute.

New Portugal Cabinet named

BY JIMMY BURNS

LISBON, Nov. 19.

PORTUGAL'S 10th Government since a military coup toppled nearly half a century of dictatorship over four years ago was announced here yesterday by Sr. Carlos Mota Pinto, the Prime Minister-designate.

The 16-man Cabinet, which will be sworn in on Wednesday, consists mainly of political independents and technocrats and includes four Ministers from the outgoing administration of Sr. Alfredo Nobre Da Costa. They are Lieutenant-Colonel Antonio Goncalves Ribeiro, the Minister of the Interior; Sr. Joao Almeida Pina (Housing and Public Works); Sr. Acacio Pereira Magro (Social Affairs); and Sr. Apolinario Vaz Portugal (Agriculture).

The retention of Sr. Vaz Portugal reflects the Prime Minister-designate's determination to pursue the handing back of expropriated land to private ownership.

Sr. Jacinto Nunes, a 53-year-old economics professor and chairman of the country's main credit institution, the Caixa Geral de Depositos, has been appointed to combine the functions of Minister of Finance and Assistant Prime Minister. He replaces Sr. Jose Silva Lopes, who is expected to return to the governorship of the Bank of Portugal.

Sr. Alvaro Barreto, the new Minister for Industry, has had no previous ministerial experience, but has earned a reputation in international business circles as one of the country's most efficient managers. He is on the board of Lisnave, the giant ship-repairing yard.

Chinese steel record

By John Hoffmann

PEKING, Nov. 19.

CHINA has produced a record 28m tonnes of steel this year and expects output to pass 30m tonnes by the end of December.

Production will be roughly 6m tonnes higher than in 1977—the iron and steel industry's best performance, according to the Ministry of Metallurgical Industry.

In an unprecedented announcement today giving specific figures rather than the usual vaguely-related percentages, the Ministry said the year's production target of 28m tonnes was reached on November 15.

Output of rolled steel reached 19m tonnes, 3m more than in 1977. The 1978 target for iron production—29.5m tonnes — was reached on November 5.

Publication of exact statistics for the first time is probably designed to encourage confidence abroad in China's ability to meet its ambitious modernisation plans.

One of the nation's principal industrial goals is to increase steel production to 60m tonnes a year by 1985

Reuter reports: A Wall poster appeared in Peking today accusing Chairman Mao Tse-tung of having been a supporter of the extremist band of four. It is the first time that Mao's name has been directly linked with the gang led by his wife Chiang Ching. The four were arrested soon after Mao's death and charged with plotting a coup.

FINANCIAL TIMES, published daily except Sundays and holidays. U.S. subscription $265.00 (air freight) $365.00 (air mail) per annum. Second class postage paid at New York, N.Y.

Begin rejects autonomy timing

BY L. DANIEL

TEL AVIV, Nov. 19.

MR. MENAHEM BEGIN, Israel's Prime Minister said tonight that Israel could not accept new Egyptian proposals for a peace agreement because they were not in accordance with the Camp David Summit.

In his first public statement after a Cabinet meeting today, Mr. Begin said Israel would not agree to a fixed timetable for the introduction of self-rule in Gaza and the West Bank, nor to the presence of Egyptian police or an Egyptian liaison office in Gaza.

The Prime Minister was addressing the central committee of Herut, his own party, and the largest single party in the coalition

He said Israel intended to abide by the Camp David agreements to the full but could not consent to any alterations or modifications. The Israeli Government was ready to sign the draft treaty as formulated until now.

The same position was adopted by Mr. Moshe Dayan, the Foreign Minister, who said that Israel was willing to start negotiations on the West Bank and Gaza immediately, but without a date by which they had to be terminated.

It is understood that the position taken by Mr. Begin and Mr. Dayan was supported by practically all the leading Ministers at the Cabinet meeting today.

Mr. Begin said Israel was ready to sign a peace treaty with Egypt and negotiate the institution of local autonomy for the West Bank and Gaza Strip on three conditions:

The Israeli army should remain in the West Bank as agreed in the Camp David accord.

The security of Israel should be maintained.

Jewish settlement activity should continue.

The Prime Minister said he would suggest to the Cabinet that Israel accept the draft treaty as contained in the U.S compromise proposals of November 11. He also said Israel and Egypt should agree to withdraw two proposals each side had made since then. But he did not elaborate on the nature of these extra proposals.

Mr. Begin and other Herut Cabinet Ministers were pelted with eggs by several hundred demonstrators when they arrived at party headquarters. The demonstrators, many of them wearing the skull-caps of the ultra-nationalist Gush Emunim (Faith Bloc) movement which has tried to establish unauthorised settlements in the West Bank, chanted: "Begin is a traitor."

Earlier today the Cabinet was briefed by Mr. Dayan and Mr. Ezer Weizman, the Defence Minister, and considered the latest Egyptian peace negotiation proposals. The discussion is to be continued and probably concluded on Tuesday. To-morrow the Cabinet will consider the growing wave of strikes and the rapid inflation rate.

Reuter adds: Israeli security forces broke up a demonstration by high school pupils in the Arab west bank town of Ramalla at the weekend.

In Beirut, Lebanese rightists reported at least five people killed in sniper fire and shelling of eastern Christian districts of the city.

Also in Beirut General Emanuel Erskine the commander of the UN Interim Force in Labanon, said the force should not be pulled out of south of the country until it had completed its mission. He admitted in a magazine interview that the force had made no progress since the start of its second mandate two months ago.

THE FIRST anniversary of President Sadat's visit to Jerusalem was marked by a series of terrorist attacks. Near Jericho four passengers were killed and over 30 wounded, four of them critically, when an explosive charge went off on a bus travelling from the Dead Sea to Jerusalem. L. Daniel reports.

Bhutto's wife free

Begum Nusrat Bhutto, the wife of Pakistan's condemned former Prime Minister, yesterday spent her first day of freedom visiting the Supreme Court where her husband's appeal against his death sentence is being heard and seeing representatives of the Pakistan People's Party of which she is acting Chairman, Chris Sherwell reports from Islamabad. Begum Bhutto was released this weekend from her house after the Lahore High Court ruled that her detention had been illegal.

Nicaragua patrols

Military patrols were reinforced in Managua and in Nicaragua's provincial cities yesterday following official word that President Anastasio Somoza's troops had repelled an invasion by left-wing guerrillas backed by foreigners, Reuter writes from Managua. A National Guard communique said Nicaraguan Sandinist guerrillas and what it called an international brigade from several Latin American countries had crossed the border from Costa Rica on Saturday and that guerrilla casualties were heavy.

Namibia poll

Mr. Pieter Botha, the South African Prime Minister said in a televised interview last night that South African would go ahead with next month's election in South West Africa (Namibia) despite a Security Council demand to call it off, Reuter reports from Pretoria. But he repeated that the December 4-8 election, called unilaterally by South Africa did not preclude a UN-supervised election later.

Suicides after Guyana ambush

GEORGETOWN, Nov. 19.

TROOPS sent into the Guyanan jungle today found the bodies of Mr. Leo Ryan, a U.S. congressman and three journalists as well as evidence of mass suicide at the religious commune where they were killed, a Government official said.

An unidentified American was arrested shortly after troops and police rushed to the 1,200-strong settlement of the "People's Temple" at dawn.

Meanwhile in Washington, State Department officials alerted California police that members of the commune there might commit mass suicide.

Mr. Thomas Reston, a state department spokesman, said a member of the commune in Guyana had reported that 200 members of the "people's temple" had already taken their own lives. The possibility existed, therefore, that members of the Temple in the U.S.—some 3,000 in California—might also begin taking their own lives

Reuter

● M. Hamaludin reports from Georgetown: The killings occurred on Saturday night in an ambush at Port Kaituma airstrip, 120 miles from here, as Mr. Ryan and his party were about to board an aircraft to return to the capital. They had been on a 24-hour fact-finding mission to the American-led People's Temple organisation. At least nine other people were injured.

Mr. Ryan arrived here on Tuesday night on an unofficial visit to investigate complaints by some of his California constituents that the People's Temple was holding members against their will at its Jonestown agricultural community.

Nyerere prepares for long war

BY JOHN WORRALL

NAIROBI, Nov. 19.

TANZANIA'S press and radio are preparing the people for what the Dar es Salaam Sunday News today described as "a prolonged war against Id. Amin," although Ugandan forces are believed to have left Tanzanian soil.

President Julius Nyerere has rebuffed all mediation attempts by African leaders, including the Organisation of African Unity, and it is reported, although not confirmed officially, that 10,000 Tanzanian troops are massed on the Uganda border.

The Sunday News described Amin as "a cancer which must be removed." On Saturday Mr. Edward Sokoine, Tanzania's Prime Minister, said Tanzanians should "prepare for a long war."

Uganda Radio says that all Uganda security forces, including those on leave have been put on 24 hour alert.

Michael Holman reports from Lusaka: Senior Zambian transport officials today denied reports that the International Air Transport Authority had warned users of Lusaka Airport of possible ground fire against approaching airliners.

WORLD TRADE NEWS

South African exports up despite political curbs

BY QUENTIN PEEL

JOHANNESBURG, Nov. 19.

POLITICALLY - MOTIVATED trade restrictions and the threat of sanctions have not had any serious effect on South Africa's export performance over the past year, but the country remains over-reliant on too narrow a range of commodities for its export earnings.

These are two major conclusions of the latest annual report of the South African Foreign Trade Organisation (SAFTO).

South Africa's export performance for the last financial year, when the country had a current account surplus of R939m (£552.4m), stimulated export-led growth to end a four-year recession in the economy, the organisation claims.

While merchandise exports increased 33 per cent in 1976-77, largely because of the massive increase in coal and iron ore exports through Richards Bay, there was a further increase of 20 per cent in 1977-78, reflecting a more general improvement in exports.

However, the organisation forecasts a slower rise in the value of merchandise exports by South African in the coming year, largely because of the depressed international economic outlook.

"Politically-motivated trade restrictions," the report says, "are not at this stage placing a serious limitation on our export prospects."

It quotes three differing reactions from South African exporters, those who claim there has been no effect from sanctions or the threat of sanctions, those who admit they have been seriously hit, and those who claim that the publicity of boycott campaigns has actually improved their sales.

While there has been a gradual trend away from reliance on a small group of products, this has been too slow, the report says. In 1966 the top-five export categories accounted for 44.7 per cent of non-gold exports, and in 1977 for 39.8 per cent.

However there was also a change in the composition of the top group, with only diamonds, machinery and transport equipment, and fruit and vegetables retaining their positions, while iron and steel products, and coal, had displaced copper and wool from the top five during the period.

Safto argues for an aggressive policy of choosing target export sectors for concentrated promotion to encourage further diversification, pointing to the success of iron and steel and coal, as well as manganese and ferro-alloys, to support its case.

The report also identifies specific areas where South African exports have been particularly successful, including the U.S., where they increased 70 per cent in the first six months of 1978 over the same period last year.

African countries where Safto carried out "assignments" included Gabon, Ivory Coast, Malawi, Mauritius and Mozambique, while in Latin America, "good potential for South African products and services exists throughout the region." Western Europe remains the destination of considerably more than half South Africa's exports.

According to the latest monthly trade figures, Britain's exports to South Africa were up more than 16 per cent over the first 10 months of the year, at £562m compared with £483.6m in 1977.

However South African exports to Britain actually declined by 5 per cent from £717.6m last year to £697.3m in the 10 months to October.

SHIPPING REPORT

BP in the spot tanker market

BY OUR SHIPPING CORRESPONDENT

THE SUDDEN arrival of British Petroleum in the spot tanker market was last week's main talking point.

BP snapped up three large crude carriers with a total capacity of 750,000 dwt for November loading in the Gulf at rates as high as those which preceded the political violence and oil field strikes in Iran.

This bodes well for owners in December, and in the run-up to the OPEC price-fixing meeting in Abu Dhabi, rates could well improve further.

The Iranian troubles have shortened the period in which the oil companies can increase stocks before this meeting.

Rates for clean petroleum products tankers also continue healthy from the owners' viewpoint — WS230 was paid for a 230,000-ton cargo Gulf-West.

There was also an unexpected jump in one section of the sale and purchase market last week, when Far Eastern buyers took a 74,000 dwt bulkcarrier built in 1976 for $14.25m, subject to inspection.

The grain market remains relatively quiet, in spite of heavy activity by the Chinese Government to cover import requirements. Galbraith Wrightson says that larger ships can only go on attracting rates at existing levels so long as the oil market continues to soak up combined carrier tonnage.

Reuter reports from New Delhi: Talks began yesterday aimed at ending India's national dock strike which has paralysed six of the country's 10 main ports, including Bombay where 70 ships are held up.

The dock workers are demanding higher pay, improved conditions and the implementation of agreements previously reached with the Government.

Work in the ports of Calcutta, Madras, Marmagoa, in the former Portuguese enclave of Goa, and at Kandla in Gujarat state and Cochin in south India, has been badly disrupted.

Mr. Ravindra Varma, India's Labour Minister, appealed to the dockers to resume work after a first round of discussions with the strike leader, Mr. S. R. Kulkarni, president of the All-India Port and Dock Workers' Federation, and other union leaders.

World Economic Indicators

RETAIL PRICES

	Oct. '78	Sept. '78	Aug. '78	Oct. '77	% Change over previous year	Index base year
UK	201.1	200.2	199.4	186.5	7.8	1974=100
W. Germany	145.0	145.0	145.3	142.1	2.0	1970=100
Holland	122.6	122.3	121.4	117.7	4.2	1975=100
Italy	137.3	135.8	134.0	122.3	12.3	1976=100
	Sept. '78	Aug. '78	July '78	Sept. '77		
France	203.8	202.5	201.3	186.7	9.2	1970=100
Belgium	128.8	128.3	127.7	124.05	3.8	1975=100
U.S.	199.3	197.8	196.7	184.5	8.0	1967=100
Japan	124.6	123.1	123.0	120.2	3.6	1975=100

Electronics 'spying' in U.S. denied by Japanese

By Stewart Fleming

NEW YORK, Nov. 19.

A GROUP of top executives from the leading Japanese semi-conductor producers touring the United States has criticised the quality of U.S. semi-conductor exports to Japan and fiercely rejected claims that the Japanese industry has engaged in unethical attempts to get access to U.S. technology.

The Japanese mission, which has held meetings in Paolo Alto in the heart of California's "Silicon valley," in New York and in Washington, includes representatives of the eight leading Japanese electrical companies including Hitachi, Nippon Electric and Fujitsu.

It follows two years of persistent criticism of the Japanese semi-conductor industry by the U.S. industry. Typical of one of the themes was an article in Fortune magazine at the beginning of this year entitled "The Japanese spies in Silicon valley."

It reported allegations by some U.S. executives that Japanese businessmen were trying to prise U.S. semi-conductor technology secrets out of U.S. businesses by unethical practices.

These allegations prompted Dr. Atsuyoshi Ouchi, executive vice-president and director of Nippon Electric Company, to remark in New York last week that the Japanese companies are not stealing U.S. technology but buying it with royalty payments and licence fees.

The Japanese are clearly concerned that the allegations will fan protectionist sentiment in this country and impair the ability of their companies to export here.

Thus Dr. Ouchi argued that U.S. allegations that there are severe non-tariff barriers which Japan has erected against semi-conductor imports are misconceived.

N. Yemen seeks aircraft loan

By Doina Thomas

SANAA, Nov. 19.

YEMEN AIRWAYS, the national airline of the Yemen Arab Republic, is seeking $75m to finance the purchase of four Boeing 727/200 aircraft. A further $25m may be sought later for the construction of staff housing.

The airline, in which Saudia, the Saudi Arabian state airline, has a 49 per cent stake, is hoping to raise the money through a syndicated Eurocurrency loan, which would be among the first for a Yemeni institution.

Timely start for Brazil pulp plant

BY DIANA SMITH

ARACRUZ CELLULOSE, the largest pulp factory in the world, with a capacity of 400,000 tonnes per annum, was officially inaugurated recently by Brazil's President, General Ernesto Geisel.

The factory, located in the municipality of Aracruz, near the coast of Espirito Santo state, will draw on its own 148,000 acre forest of eucalyptus to produce Brazil's first short-fibre, 92 per cent bleached pulp using wood and bark.

Nearly 70 per cent of Aracruz's 1979 output of 260,000 tonnes has a guaranteed market, with Billerud of Sweden and Wiggins Teape of Great Britain acting as distributors for 50 per cent and 10 per cent, respectively. The remaining 8 per cent of the guaranteed market will be taken by Brazilian consumers.

Standards

Although there is still debate over the advantages of short fibre versus long fibre pulp, Aracruz's management points out that the short-fibre market is now growing more rapidly than long fibre. Therefore, they maintain, a market should be found in Latin America, the U.S. and, possibly Japan for part of the production not yet guaranteed an outlet.

Furthermore, Aracruz points out that short fibre eucalyptus pulp has been able to meet the strictest European quality standards and, during the 1976-77 pulp crisis, while stocks of birch short fibre pulp piled up, Portugal and Spain had no trouble selling their eucalyptus short fibre output.

The recent improvement in the world pulp market was underlined at the end of last week by a Swedish manufacturers' decision to raise the prices of market pulp by $30 a tonne with effect from January 1. Finnish manufacturers are expected to follow suit and due to the international nature of the market, most other suppliers are likely to fall into line.

Aracruz initial selling price to Europe will be $360 a tonne —subject to increase. The agreements with Billerud and Wiggins Teape will last for ten years and Billerud, in fact, holds shares in the Aracruz project, together with the Souza Cruz Tobacco. This company is a Brazilian offshoot of British-American Tobacco, and accounts for the 33 per cent of Aracruz's non-Brazilian capital.

The remaining 67 per cent is held by Brazil's National Economic Development Bank (BNDE), Brazilian industrial groups and some 300 small Brazilian shareholders. The project's total cost of $536m has been part-financed by loans from the Svenska Handelsbank, Gotabanken or German banks—a total foreign loan of $40.3m.

Designs for the Aracruz project were provided by Finland's Jaakko Poyry Engineers and Consultants, an enterprise that has designed 100 similar projects around the world. Billerud of Sweden provided the pulp technology enabling Brazil to produce pulp from eucalyptus wood and bark, a process Billerud has already used at its Portuguese subsidiary, Celbi.

The Aracruz complex is the first fully integrated pulp complex in Brazil. It began with the planting of eucalyptus, in 1967, in an area laid waste by 30 years of forest clearances and burn-offs. Apart from 148,000 acres of 37 species of eucalyptus, Aracruz has planted 30,000 acres of native Brazilian species—rosewood, ebony, porcupine pod and others.

Balance

This ancillary plantation will, Aracruz maintains, help to restore the ecological balance of the area. It is already attracting back a wide variety of fauna (protected from hunting by a special law). Furthermore, Aracruz specialists have catalogued 3,000 types of insect in the reafforestation area and will allow natural enemies of predatory species to preserve a balance, except for the sauba ant, for which no natural enemy is known.

The complex will have its own sodium chloride, chlorine and caustic soda units, with capacities of 15,200 tonnes, 12,250 tonnes and 13,800 tonnes per annum respectively. Know-how for the sodium chloride unit has been provided by Krebs of Paris, and for the caustic soda unit by Diamond Sharock of the U.S.

Brazil's first port dedicated exclusively to pulp exports has been built one and a half kilometres away from the Aracruz plant, with initial capacity for 25,000 tonnes dw vessels, rising to 70,000 tonnes dw if necessary.

Unlike most European pulp factories, built by rivers or lakes, or urban centres, Aracruz has deliberately been built close to the coast. It has its own closed circuit water-processing system, drawing from nearby watercourses, and will eject industrial wastes into the Atlantic ocean, through two 3.6 km long ducts, 1.7 km of which are under water. Chlorinated waste will be treated with sulphur dioxide and, thus, turned into harmless sea-salt before it is pumped into the ocean.

By using the ultra-modern membrane cell method for chlorine production, which dispenses with mercury, and two-stage gas scrubbers, reducing gaseous effluents to 98 per cent safe emissions, Aracruz, which spent $103m of its budget on pollution controls, hopes to keep contamination of water and air to a minimum.

The complex will provide 3,200 direct jobs. A new residential estate has been built 17km away from the plant, for 3,500 inhabitants. The estate has its own schools, health centre, shopping centre and sports facilities. Provision of new, fully-equipped residential areas has become a commonplace of major industrial developments in Brazil.

Beaune prices up by 40%

PRICES AT the annual Hospices de Beaune auction of the new Burgundy vintage from the hospitals' own properties, were about 40 per cent higher than those obtained a year ago for the inferior but much more plentiful 1977s.

The increase, large as it is, was almost modest compared with the doubled prices being quoted generally on the market here. These reflect the fine quality but short quantity of the 1978 crop, the shortage of stocks and the buoyant demand especially abroad for the limited quantity of fine Burgundy available.

Yesterday's sale was dominated by Swiss buyers, followed by Belgian, Dutch and German bidders.

The top price of FFr 35,000 per cask (300 bottles) was given for the hospices' only Cote de Nuits wine—Mazis-Chambertin. Other leading prices included FFr 30,000 for Beaune Nicolas Rolin; FFr 26,000 for Corton Dr. Peste and FFr 22,000 for Corton Charlemagne Francois Salin.

Setback for Irish trade

BY STEWART DALBY

DUBLIN, Nov. 19.

AS THE IRISH Government continues to agonise over the implications for its vulnerable balance of payments of joining the European Monetary System, some bad news has arrived in the form of the trade figures.

Exports dropped by 6.3 per cent in October. At £265m, they compared with a total of £282.7m in September.

It therefore seems unlikely that the Export Board will realise its target of a 27 per cent increase in exports for 1978.

This would have meant exports rising to over £3bn for the first time ever, equivalent to about half the country's GNP.

To date this year, exports have increased by 18.2 per cent. Imports, on the other hand, have risen by 20.2 per cent for the first 10 months. Exports were £2.4bn compared with imports of £3.0bn.

The Irish Government has been very concerned with the way that imports of consumer goods, in particular, have been flooding in.

With exports not having done as well as anticipated, there is some disquiet about the likely trade deficit which will emerge by the end of the year. Independent economists are now predicting that there will be a deficit in merchandise trade of at least £700m. This is likely to translate into a current account balance of payments deficit of £400m.

While this should be easily covered by capital inflows, if the Government fails to bring about a smaller trade deficit it could bring into question the advisability of the country joining the EMS without transfers of resources.

The Government has asked for £650m from the Common Market to tide it over a five-year transitional period. Some of this money would be used as balance of payments aid.

The leader of the main Opposion party, Fine Gael, Mr. Garrett Fitzgerald, has estimated that it would need £650m a year for the next five years for Ireland to join the EMS.

Israel may buy North Sea oil

By Maurice Samuelson

ISRAEL IS interested in buying North Sea oil from Britain and Norway in order to reduce her reliance on Iran, her main supplier. She already buys oil from Mexico and is looking to other countries as well.

Israel told Britain of its willingness to buy oil above the market price well over a year ago, but nothing concrete has emerged. The request to Norway was made during trade talks in Jerusalem two weeks ago, but the Norwegian Oil Ministry has said that demand outstrips supply and that the Israelis must join the queue.

A quarter of Israel's annual consumption of 8m tonnes this year came from the el-Tor fields in the Gulf of Suez, which will be returned to Egyptian control under the Camp David agreement. Israel would like to continue to obtain this oil under a long-term purchasing agreement.

Big spending forecast at Christmas

FINANCIAL TIMES REPORTER

A RECORD Christmas spending spree in predicted by the Charterhouse Group in thelatest edition of Business Forecast, its quarterly economic review.

This says that consumers' spending will be fuelled by substantial tax rebates, annual retirement pension increases, a rise in child benefit allowances and a pensioners' Christmas bonus. It expects spending to peak and level off early in 1979.

Charterhouse suggests that the rise in purchasing power of 5 per cent in real terms during 1978 will be followed by a smaller rise of 3½ per cent in 1979.

Higher levels of home demand are being met by substantial rises inimports of manufactured goods, but the continued expansion of North Sea oil production should hold the UK balance of payments in balance next year.

A continuing improvement in the U.S. balance of payments, however, would lead to the dollar's recovery against the pound. The U.S. credit squeeze would nevertheless lead to slower world output growth next year and in 1980.

Charterhouse expects UK output—at present up 4 per cent on this time last year—to rise by 3½ per cent next year. The Retail Price Index, affected by both the operation of the Price Commission and the favourable weather which has produced a good harvest, is expected to rise by 9 per cent in 1979.

The review argues that there will be no pay explosion. Public opinion supported the continuation of wage restraint and, in spite of some months of militancy and disruption, the country would return to more responsible and restrained pay bargaining.

The Government would seek to minimise wage pressure and accommodate union leaders by forgoing increases in indirect taxes in the coming months.

A further cut of about 1 per cent in the standard rate of tax and an increase in allowances was likely in the spring as the balance between Government spending and revenues would allow further reduction in the burden of personal taxes.

● However the latest Financial Times survey (Page 29) says that future confidence of consumers is at its lowest level for almost two years, and the trend is worsening.

Financial policy tight, say stockbrokers

BY MICHAEL BLANDEN

THE SHARP rise in interest rates, led by the jump in the minimum lending rate by 2½ per cent to 12½ per cent, has helped to create a very tight financial policy, stockbrokers W. Greenwell say today.

Their latest monetary bulletin says that interest rates are now in real terms, in relation to the inflation rate probably at a record high.

This was causing "crowding out."

"The finance to create more jobs is being denied to industry at a price it can afford: therefore the jobs will not be created."

Deplorable

The situation was deplorable. "The real villain is not higher interest rates but a much too easy budgetary policy," making the jump in MLR necessary to stop inflation from rising rapidly and jobs from being destroyed in the medium-term.

There was strong evidence that Government fiscal policy was very easy. "Further, there is no doubt that budgetary policy is in severe conflict with money supply policy, to the detriment of economic performance in the medium-term."

New moves by the Government to restrain public spending or to raise taxes might be needed if money supply shows signs of running out of control.

With budgetary policy very easy and financial policy very tight, the outcome for the money supply was uncertain.

"If further action is needed to constrain monetary growth, we consider, because we believe that the argument about too easy budgetary policy is getting through, that a package will be forthcoming which will include fiscal measures. If this is so, interest rates may well have reached a plateau."

The latest increase in MLR, was an important indication of the determination of the authorities to prevent excessive growth of the money supply. In contrast to previous occasions, the authorities were leading the market rather than following.

The new money supply targets represented a slight tightening because of the low level of growth in the first half of the year.

Firm action to stop the sterling money stock on the wider definition (M3) exceeding the target range of 8-12 per cent growth was more important than cutting the target range itself.

"The authorities should certainly have accompanied the announcement of the unchanged target with a clear statement of intent to reduce it gradually in the future."

Car component sales rise

BY JAMES McDONALD

MOTOR COMPONENT and accessory manufacturers appear to fare better than the car and vehicle manufacturers, they say, according to the latest financial survey of the industry by Inter Company Comparisons.

The survey gives a two-year analysis of turnover, total assets, current liabilities, profits before tax and payments to directors.

Of the quoted companies, 55 increased their turnover and assets over the two years and 45 (77.6 per cent) raised their profits; 65.5 per cent paid more to directors and 87.9 per cent enlarged their liabilities.

Motor Component and Accessory Manufacturers, Inter Company Comparisons, 81 City Road, London EC1. £40.80.

Firebomb attacks in Ulster

By Our Belfast Correspondent

SHOPS IN ULSTER are expected to tighten security in the run-up to Christmas, widespread incendiary attacks at the weekend.

The Royal Ulster Constabulary said that 30 firebombs were planted by terrorists in seven towns on Saturday. Thirteen were found and defused but 17 others, in shops, offices,s and a Londonderry shirt factory, exploded early yesterday.

Some started serious fires and the worst-hit place was the border town of Newry, where seven buildings were damaged.

Police said that the attacks were the work of the Provisional IRA and many of the targets were in towns such as Dungannon and Omagh, where bomb explosions last week heralded a new offensive by the Provisionals.

Damage

Security forces are taking the likelihood of a rough time over Christmas seriously and are expected to maintain the high number of patrols introduced last week well into the New Year.

About two dozen bombs have exploded since last Tuesday, causing damage worth several million pounds.

Much of Ulster was brought to a standstill on Friday by a series of co-ordinated hoax bomb calls

A golf club at Stravene in County Tyrone escaped serious damage when two bombs went off. It had been rebuilt only recently after a previous attack.

The upsurge in violence will probably be discussed by Mr. Mason, Ulster Secretary, and his security chiefs at a review at Stormont today.

Overseas contracts lure 1,900

By James McDonald

HIGHER SALARIES, wider experience and the UK tax system are the main factors which attract skilled UK staff overseas, and many people are tempted abroad for subsequent visits as well as one-off short-term contracts.

These are the main findings of an annual survey—Pulled or Pushed in 1978? A Report on Motivation for Working Abroad—published today by Overseas Recruitment Services, the international job placement arm of the Swiss-based Adia Group.

The survey analyses the motivation of nearly 1,900 men and women recently looking for overseas positions through the group.

Young, inexperienced and less well paid people, make up one of two main groups seeking work abroad, says the report. The other is mainly men between the ages of 26 and 40, well qualified and having a prime motivation of earning more money.

"The motivation for those in their 30's and 40's arises from the taxation system in this country and the reduction of living standards which has led them to feel that merit and hard work, risk taking, initiative and management flair are no longer proportionately rewarded in this country. The incentive is dead."

The Middle East, with the exception of Saudi Arabia, is twice as popular this year with job-seekers than last.

The three least popular areas were South Africa, Africa and Saudi Arabia.

BL sets up unit for engine sales

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

BL, FORMERLY British Leyland, has reorganised its engines marketing operations, plans a much more aggressive approach and expects to increase engine sales from £4m in 1977 to £12m by the early 1980s.

The complementary ranges of diesel and petrol power units made by the Austin Morris and Leyland Vehicles divisions will be sold by a new department known as Austin Morris Power Systems.

Based at Longbridge, the sales unit intends to increase sales of engines for a wide range of automotive, marine and industrial applications.

It sees as the main area for expansion the supply of light industrial diesel units in the 20 to 50 hp range.

The new department will also continue to expand BL's existing services in the supply of original equipment to specialist car manufacturers — items ranging from transmission gear sets to doors for Lotus, Panther, TVR and Morgan cars. The service has also been extended so that, where approapriate, components sourced from the Jaguar, Rover, Triumph company can be supplied.

Union officials 'a ruling class'

BY COLLEEN TOOMEY

THERE IS an urgent need for an inquiry into the way trade unions use their funds and for a review of the quango system, which operates as a kind of slush fund, according to Mr. Alfred Sherman, economist and political writer.

Trade union officials are now the new ruling class of Britain, Mr. Sherman claims. They received more benefits and honours than their European equivalents while their members' standard of living lagged behind.

"When you add to the salary of unioncrats and other members of the new class, payments for extra meetings, expenses, perks (mortgages), free travel for wife to holiday resorts, plus a few quangos (quasi autonomous non-government organisations — average fee and expenses about £2,000 per quango), you find them enjoying tax-free income well in excess of that earned by judges, professors, senior doctors, technologists, exporters, industrial managers and others on whom the prosperity and well-being of this country depend."

Mr. Sherman, in a booklet called The Newest Profession, published today, makes several strong recommendations to rectify the situation.

There should be "voluntary declaration by political leaders and unioncrats and their academic familiars of their property and sources of income," he says.

Mr. Sherman advocates an urgent inquiry into trade union uses of funds, including the fixing and collecting of subscriptions, auditing, staffing, political expenditure and outside appointments.

An effective supervisory body should also be created to look after the interests of union members. "In the interim, unions might publish these figures as proof of goodwill."

In addition there should be collected data on allowances and expenses of councillors.

"Unless this is done," Mr. Sherman claims, "the meek will have less chance of inheriting the earth than the sleek."

The Newest Profession, by Alfred Sherman. Published by Aims, 40 Doughty Street, London WC1 2LF. 45p.

● Wages are being paid to "ghost workers" as part of a £1m tax fiddle in Fleet Street, according to a Panorama programme to be shown tonight on BBC 1.

The programme, Deadline for the Times, is an investigation into the troubles of Times Newspapers, whose management has threatened to suspend publication of The Times and Sunday Times on November 30 unless all unions agree to new working practices.

A secret document handed to the Panorama team claims that £1m of tax a year is lost in the system known as "Spanish customs" operated by some casual Fleet Street workers.

Life-member vote expected at SE

BY TERRY GARRETT

MEMBERS OF the Stock Exchange are expected to vote overwhelmingly in favour of a resolution to replace annual membership with life membership, at the extraordinary meeting called for tomorrow.

Under the original Deed of Settlement of 1801, members had to be re-elected to the Exchange at the end of every financial year. The annual elections had disciplinary undertones but in recent years it has become a matter of course for members to be re-elected.

The proposals to be put to members tomorrow suggest that the annual elections are done away with and if someone wants to leave the Exchange he will have to tender his resignation rather than just let his membership lapse.

The Stock Exchange claims that the main reason for the change of rules is to end the expensive and time-consuming job each March of processing application forms from over 4,000 members.

However, the proposals could help to tighten the Stock Exchange Council's control over members. If adopted, they would mean that a member could no longer allow his membership to lapse as a way of avoiding Stock Exchange investigations. A resignation need not be accepted by the council immediately and presumably would not be if it was in the middle of an investigation into a member's behaviour.

There has been some opposition to the proposed changes but when the vote is taken tomorrow opposition is likely to be fairly small. A 75 per cent vote in favour is needed for the proposals to be passed.

At the usual informal half-yearly meeting of members, also tomorrow, plans to introduce a levy on dealings to help finance the operation of the Council for the Securities Industry, will also be discussed.

A levy of 60p on all equity deals of £5,000 and over is expected to be introduced next June. This will supplement the cash provided by institutional investors towards the running costs of the council.

'UK clings to notion of good government'

BY OUR ECONOMICS STAFF

BRITAIN HELD on longer than most countries to the romantic notion that government seeks only to do good, and to the hypothesis that government could accomplish most of what it set out to do, according to Professor James Buchanan, of Virginia State University, in the U.S.

Professor Buchanan sets out his view of the development of the theory of public choice during the past 30 years, in the introductory essay to a new Institute of Economic Affairs book published today. It records the proceedings of a seminar last April on the subject.

The seminar discussed how the new theory—largely developed and best known in the U.S.—could throw light on problems such as how far individuals can or should agree, in spite of their conflicting preferences, about the supply of public (collective) goods through government, bureaucracy and the political process.

Professor Buchanan argued that "Your economists, and notably Lord Keynes, along with their American counterparts, continued to proffer policy advice as if they were talking to a benevolent despot who stood at their beck and call.

"I came to public choice," he added "out of intellectual frustration with orthodox pre-World War II public finance theory. It made no sense to me to analyse taxes and public outlays independently of some consideration of the political process through which decisions on these two sides of the fiscal account were made. Public finance theory could not be wholly divorced from a theory of politics."

Asymmetry

In a strong criticism of the political consequences of Keynesianism, Professor Buchanan pointed out that it had destroyed an important element of the American fiscal constitution, namely the balanced budget rule.

"Economists blindly ignored the asymmetry in application of Keynesian policy precepts, an asymmetry that the most elementary public choice theorist would have spotted. They naively presumed that politicians would create budget surpluses as willingly as they create deficits. They forgot the elementary rule that politicans enjoy spending and do not like to tax."

"The Economics of Politics," by Professor James Buchanan and 11 other lecturers. Readings 18, price £3.00 from Institute of Economic Affairs, 2 Lord North Street, London SW1P 3LB.

Rising costs

THE COST of running the Church of England was £102m last year, and will be £131m in 1979.

National Savings inflow £169m

BOOMING SALES of inflation-proof investment helped reduce the biggest increase in the Department of National Savings' funds under management for 16 months

Savings' receipts totalled £289.2m and withdrawals £119.4m, giving a net cash inflow of £169.8m. Interest and other items credited to existing savers' accounts totalled £35.6m net and this brought the overall increase in the Department's funds under management to £205.4m, the best result since June, 1977.

The Department's total funds now stand at a record £10,741m. A major element in the bumper receipts figure was £69.6m of fresh money invested in the index-linked retirement issue of National Savings certificates.

This was a big improvement on previous months and it reflected the introduction of a new higher limit of £700 on the amount each pensioner can invest in the issue.

The Department said less than half the money came from investors who had the previous maximum holding of £500. Other pensioners were probably encouraged to add to their holdings by the favourable publicity about the new limit.

With the current inflation rate less than 8 per cent—below the net returns now available from many popular savings methods—the figures suggest that pensioners are less sanguine about the outlook for the cost of living than the Government.

Warning over company accounts law

Financial Times Reporter

THE UNION of Independent Companies renewed its demand this weekend for the law compelling independent companies to file copies of accounts with their annual returns to be charged immediately.

Mr. W. G. Poeton, chairman of the union, emphasised on his return from an international symposium on small businesses in Los Angeles that the union had been pressing for a change in the law for more than a year.

"If the Government continues to vacillate, it may well be that thousands of independent companies may have to consider refusing to file their accounts."

Nothing was more damaging to a company's competitive position than to have to disclose detailed information to rivals both at home and abroad.

"This obligation puts them at a great disadvantage in relation to public companies which do not have to file information concerning their subsidiaries."

'Protection from terrorists' call

THE INSURANCE industry has been urged by a prospective Conservative candidate to persuade the Government to amend the Riot (Damages) Act 1886 so every householder in the country has protection from terrorist attacks and hooligans.

Mr. John Heddle, candidate for Lichfield and Tamworth, said that his London flat had been badly damaged by Arab terrorists in the El Al bus attack outside the Europa Hotel this summer. But the Home Office had rejected his appeal for compensation.

Brainy discovery

THE WORLD'S first pictures of a cross-section of the brain made without X-rays have been produced by EMI research laboratories. The process used was called nuclear magnetic resonance.

Roman offer

THE Countryside Commission is prepared to give a 50 per cent grant to Cumbria County Council to help it buy the site of the Birdoswald Roman fort, near Brampton.

Sotheby's record

A SWISS buyer paid a record £9,880 at a Soetheby's sale in Monte Carlo for "Loie Fuller," a gilt bronze of around 1900 by Raoul Larche. At Sotheby's Park Bernet, New York, a painting by Anna Mary Robertson ("Grandma") Moses fetched £8,500.

£50,000 park fund

THE COUNCIL for National Parks has launched a £50,000 appeal fund to protect parkland from what is describes as the continual threat of mining, quarrying, trunk roads and reservoirs.

Imports pact

KOREAN Footwear Manufacturers' federations have agreed to limit shoe imports to Britain after talks with the British Footwear Manufacturers' Federation, the Lancashire Footwear Manufacturers' Association and the Rubber and Plastics Group.

Taiwan value

THE SCOTS firm, Holt Leisure Parks, are importing luxury yachts at £45,000 each from Taiwan because they are cheaper than any built in Britain. Mr. David Cook, sales manager, said a comparable UK yacht would cost £80,000.

Sopwith retires

SIR THOMAS SOPWITH, aged 90, the founder president and a director of the Hawker Siddeley Group, is to retire at the end of the year.

Bread suppliers repudiate closed shop agreement

BY PAULINE CLARK, LABOUR STAFF

THE BATTLE between bakers' union leaders and Britain's two big bread suppliers hardened at the weekend when the employers confirmed that they were no longer prepared to honour their closed shop agreement.

The decision of a conference of the Bakers', Food and Allied Workers' Union to expel 2,000 of its members for refusing to join the pay strike was swiftly followed by a Bakers' Federation statement that it would "stand by" the victims.

It made clear that since, in the federation's view, the union had broken its agreement to keep its members working normally after last year's pay settlement, it was no longer obliged to employ only union members.

Bakers who had their union cards confiscated would not be sacked from their jobs.

The union's threat of expulsion had an immediate effect in Ipswich, where 400 rebels at two bakeries agreed to rejoin the strike.

There has been mounting anger in the union executive over what it now sees as an attack on the union by the federation as much as a dispute over pay.

The federation claimed this weekend that as many as 5,000 bakery workers at Ranks Hovis McDougall and Allied Bakeries were now back at work.

It urged those still on strike to return to work as well "since no progress towards a settlement can be made while the union maintains its present unrealistic position."

At a special union conference in Birmingham, however, delegates said they would strengthen their bread strike tactics.

They voted unanimously to continue the two-week-old stoppage and drew up plans for creating "flying squads" to picket flour mills owned by federation members.

The two big bread groups supply about 80 per cent of the market, but the effectiveness of the strike has been weakened partly by management efforts to keep production going.

Christmas

Independent bakeries have also stepped up output to meet the shortage so that about 60 per cent of normal bread supplies have been reaching the shops.

Allied Bakeries has claimed to be maintaining production at 40 per cent of normal output, but if the flour pickets are successful supplies from federation members can be expected to drop.

Prospects for a settlement before the pre-Christmas rush have almost certainly been put back by the closed shop row. Apart from finding a solution to the bakers' 26 per cent pay demand, the union has made it clear that a post-entry closed shop agreement would have to be part of any deal for a return to work.

Mr. Sam Maddox, general secretary of the union, described the conference mood as "very aggressive" because of what was seen as the employers' strike-breaking tactics.

The bakers, he said, were prepared to continue their strike indefinitely unless their demand for a £10 a week rise was met in full.

ASTMS pay dispute threatens Prudential

BY OUR LABOUR STAFF

PRUDENTIAL ASSURANCE company, one of the City's biggest institutions, is threatened with major disruption today because of a pay dispute involving 6,000 staff in the Association of Scientific, Technical and Managerial Staffs.

The white collar union, led by Mr. Clive Jenkins, general secretary, has decided on a series of sanctions this week, including an overtime ban and work to rule, in support of a pay demand said to be "substantially in double figures."

Mr. Jenkins announced this weekend that 6,000 members had overwhelmingly rejected a 5 per cent offer in a secret ballot, and warned that the union was not prepared to go along with the Government's 5 per cent guidelines.

"We have not reached a single agreement that's been 5 per cent—not one. The average has been 12 to 14 per cent. None has ever been near the five per cent, nor will they ever be."

Mr. Jenkins told a meeting in Perth that the management was taking into account the possibility of Government sanctions if it yielded to the union's demands. "Yet Sun Alliance were once threatened with the same things during their negotiations last year. What happened? Nothing."

The union wants to restore basic pay to pre-incomes policy levels, and claims that in some cases, there is a shortfall on basic rates of up to 30 per cent.

The company, meanwhile, is said to have stood firm on its offer of up to 7 per cent on basic pay backdated to October, with a further 2 per cent next year to total 5 per cent of the salary bill.

Mr. Jenkins also claimed that a poll of senior staff at General Accident Assurance had resulted in an overwhelming majority in favour of joining ASTMS. The union is also preparing a major claim on behalf of General Accident staff for next April.

NUJ claims closed shop in face of owners' policy

BY OUR LABOUR STAFF

THE NATIONAL Union of Journalists claimed yesterday that a post-entry closed shop agreement had been reached with the West of England Newspapers group in defiance of Newspaper Society policy.

The group, which is a subsidiary of Mirror Group Newspapers, was said by the union to have signed an agreement that all new employees must join the union. Exceptions would be made, however, for editors, two editorial directors, present non-NUJ members and religious objectors.

Such an agreement could mean the group's expulsion from the Newspaper Society, which said yesterday that its policy had always been that closed shops were ultimately a threat to Press freedom.

Last year, Home Counties Newspapers group was expelled from the society for agreeing to a closed shop, and the Stratford Express voluntarily withdrew from membership after reaching a closed shop agreement with the NUJ when the newspaper was taken over by the Irish Independent group.

Mr. Noel Howell, NUJ national organiser, said yesterday that about 50 editorial employees were involved in the new West of England group agreement. "This is further proof that in spite of political rhetoric, employers are accepting the common-sense requirements of union membership," he said.

Beginning today, the union is leading a nationwide series of sanctions by about 9,000 provincial journalists in support of a £20 pay claim. The Newspaper Society has offered a 9 per cent deal, providing this is approved by the Department of Employment.

● The Sunday Times lost 130,000 copies yesterday. Unofficial action by NGA machine minders caused the loss.

Speke workers to meet MP on redundancy

TALKS are to be held this week between the senior shop stewards at the Leyland Triumph Number 1 plant at Speke, Liverpool, and their local Labour MP, Mr. Eddie Loyden, after the rejection by the total 1,500 work-force of voluntary redundancies.

A mass meeting on Saturday voted unanimously to fight any redundancy at the plant, which is working part-time on Dolomite production.

Leyland wants to trim the work-force by 450 before Christmas as part of its programme of cuts. Mr. Loyden, who represents the Garston division and is secretary of the Merseyside Group of Labour MPs, said that he would meet the stewards either in London or Liverpool on Wednesday.

They had drawn a great deal of experience from the closure of the Leyland Number 2 TR7 plant at Speke with the loss of 3,000 jobs this year.

Train drivers' strike is on

TRAIN DRIVERS rejected their leader's peace plea at a London meeting yesterday and decided to strike on Wednesday in the Southern Region south-east division, which includes Kent and commuter areas of South London.

If you work all hours, Sony gives you something you have always wanted. More hours.

Now you don't have to make a choice between spending time working and spending time watching television.

You can do both, with the aid of the new Sony Betamax home video recorder.

It adds up to three and a quarter hours to your day by allowing you to watch interesting television that you otherwise would have missed.

All you have to do is connect Betamax into the back of your colour television and your aerial into the back of Betamax.

Then, before you go to work, set the built-in digital clock to record the programme of your choice.

While you're beavering away Betamax will switch itself on, record up to three and a quarter hours of television, and then switch itself off.

You can set your Betamax in advance to record a programme that's on up to 72 hours later. Enough time to have a business dinner on the one hand, or a trip to Brussels on the other.

Betamax will even record off one channel as you are watching another. Happily this means you can enjoy the programmes you want to watch, without missing the programmes you ought to watch.

Of course there are things on television you can well do without. Who wants to watch even the funniest commercials over and over again?

Here's where the twenty years of experience that Sony have gained in the commercial video field comes into its own.

Betamax is supplied with a remote control switch that allows you to edit out commercials from the comfort of your armchair.

It is also extremely easy to maintain.

And it's backed up by a Sony service network exclusively created for video recorders.

If you have ever complained that you never seem to have the time to watch television please give this number a ring: 01-434 1713.

The person at the other end of the line will be only too pleased to tell you more about the machine that makes time for you.

SONY

Sony (UK) Ltd, 134 Regent St., London W1R 6DJ.

It is unlawful to record BBC or IBA broadcasts otherwise than for private purposes; and any material which is the subject of independently owned copyright may only be reproduced with the consent of the copyright owner. If you are in any doubt as to your rights and obligations, you should refer to the Copyright Act 1956.

Building and Civil Engineering

Over £14m Bovis awards

CONTRACTS worth more than £14m have been won by Bovis International, the largest being two projects valued at £9.25m for work in Kuwait and Mecca.

The company will lay 175 km of brackish and fresh water mains together with the removal of 50 km of pipework for the construction and relocation of ductile iron water mains at the Fifth Ring, Maghrib and Assafar motorways, Kuwait, under a £8½m contract from the Kuwait Ministry of Electricity and Water. Work includes a new control and recording system to be installed between the Aquila reservoirs and Messilah pumping station and 550 reinforced concrete chambers for valve, irrigation and washout pits.

The Mecca contract is worth £1m, and comprises warehousing workshops and an office complex of steel frame construction for Toyota Cars.

Conversion of a disused cinema in Finchley Road, London, into an imposing headquarters building for Smiths Industries has been entrusted to Bovis Construction under an award valued at about £3½m.

Extensive face-lifting, together with the construction of a three-four storey development, accounts for the bulk of the cost on this one-site site, which also requires extensive internal and external parking as well as landscaped areas.

Design is by Leslie Jones and Partners and is intended to provide for two main functions—provision of modern office accommodation on several floors and construction of a display centre with a 100-seat conference centre and appropriate reception areas.

New building will comprise a reinforced concrete frame and floors to be set up on piled foundations. Completion is scheduled for November, 1980.

In the meantime, Gilbert Ash, a Bovis subsidiary, is to build a £1.5m hospital in Glenrothes New Town for the Fife Health Board. Start is this month and completion will take less than two years.

A single-storey traditional building, it will be mainly in brick with *in situ* and part hung concrete floors.

Gilbert Ash has also won an award to build a store in Perth for John Menzies, one to fit out a shop for Boots the Chemists in Clydebank and a contract to do the preparatory work for a new telephone exchange in the centre of Stirling.

Job for the Army in Catterick

FAIRCLOUGH'S north eastern division is to carry out an important task for the army at Catterick Camp, north Yorkshire.

The £3.7m contract for Phase Six of the reconstruction and modernisation of Vimy Barracks, Royal Signals Regiment, will take some 2½ years to complete. Within this award, Fairclough is required to build a three-storey headquarters, an administrative complex, civilian canteen and guardhouse, together with other jobs. These include a new skid pan, obstacle training course and a driver training area.

The division also has £120,000 from the National Coal Board for work on a canteen at Allerton Bywater Colliery, Wetherby. It is putting the final touches to a new £60,000 car park at Washington for Makro Self-Service Wholesalers.

Brick and lime plants

CONTRACTS worth £6.5m have been signed in London by the chairman of Construction Materials Industries Omani Joint Stock Company, Dr. Hamed Al-Riyami, as the first step in setting up production centres for sand/lime bricks, quicklime and hydrated lime in the Sultanate of Oman.

West's Pyro of the UK will supply the lime kiln and hydrated lime plant and W. H. Baxter the aggregate crushing equipment. The brick manufacturing plant will come from Dorstener Maschinenfabrik of West Germany. In the meantime, discussions are well advanced with Babbitless of France for the supply of lime-grinding machinery.

Civil engineering support will be provided by a locally established group and the intention is to have the whole project completed by the end of next year. Then, annual capacity will be of the order of up to 36m bricks and 30,000 tons of quicklime and slaked lime.

This is only the first phase in the long-range plans of Construction Materials Industries, which has identified a growing need domestically and in neighbouring states for high quality construction materials.

Scott Wilson Kirkpatrick and Partners is the UK consulting engineer to CMI and is responsible for the whole development, principally through offices in Muscat.

Dubai dry dock progress

COMPLETION of the docks, which form part of the Dubai dry dock facility being constructed by the Costain-Taylor Woodrow Joint Venture as main contractor, has been marked by the installation of the dock gates and the removal of the temporary cofferdam enclosing the entrance to the docks.

The gates for each of the three dry docks are 17 metres high, and 100 metres, 80 metres and 66 metres wide respectively.

The concept for the gates was developed for the Costain-Taylor Woodrow Joint Venture by T. F. Burns and Partners and the detailed design, manufacture and installation was carried out by the Redpath Dorman Long-Clarke Chapman Joint Venture, as sub-contractors to the main contractor.

The 20 metres high cofferdam was completed in January 1977, and comprised sheet piling, rock armouring and half a million cubic metres of sand. This temporary dam separated what will become the largest ship repair facility in the world from the waters of the Gulf during construction of the three docks. Removal was completed last month with the aid of the cutter suction dredger "Global Bay."

The Costain-Taylor Woodrow Joint Venture began work on the project in January 1974, and completion is due in the early part of next year. Sir William Halcrow and Partners are the consulting engineers.

£4.7m work to French Kier

A £2.7M contract for river flood defences on the Thames is to be undertaken for the Greater London Council by Kier. The contract, which is due to start at the end of this month, will include sheet steel piling, bored or driven load-bearing steel or reinforced concrete piling, brickwork, structural steelwork, timbering and embankments.

Robert Marriott, which like Kier, is in the French Kier group, has been awarded a contract worth over £1.1m for 108 dwellings at The Brades, Hertford Road, Stevenage, Herts, by Stevenage Borough Council. Another group member, W. and C. French (Construction), has been awarded a contract by the North British Housing Association for the construction of 57 houses. Value of this is £845,185.

£14m nuclear power station site award

SIR ROBERT McALPINE & SONS have been awarded a near-£14m contract by the South of Scotland Electricity Board for preliminary works at the site of the proposed 1300 MW advanced gas cooled reactor (AGR) nuclear power station at Torness, near Dunbar, East Lothian.

Work is now starting on site clearance and security fence erection and on the reclamation from the sea of some 300,000 sq metres of land which is to be protected by a 1,000 metres long sea wall.

The work at Torness marks the sixth nuclear power station contract undertaken by McAlpine in the UK the other being Bradwell, Oldbury, Dungeness 'A,' Hinkley Point 'B' and Hunterston 'B.'

£3m contracts to Jarvis

REBUILDING of the Palace Theatre, Manchester and the Griffin brewery, Chiswick, London W4, and construction of a larger head office and warehouse for Sidal Aluminium are included in contracts worth £3.4m awarded to Jarvis.

The first phase of the modernisation and extension of the Palace Theatre, Oxford Street, Manchester is being carried out for the Manchester Palace Theatre Trust. The stage and orchestra pit are being enlarged so that the theatre can provide adequate modern facilities for major opera and ballet touring companies and for a full concert orchestra. The roof is being raised and a new six-storey dressing room wing and other facilities will be added.

Phase two will include redecoration of the public areas and the conversion of an adjoining building into a restaurant and bars. Smiths and Way of Manchester are the architects and the work will be completed in September 1979.

Major redevelopment of the Griffin Brewery of Fuller Smith and Turner was designed and engineered by specialist main contractor Robert Morton DC of Burton upon Trent, Staffs. The architect is the Falconer Partnership of Stroud, Glos. and the work is scheduled for completion in October 1980.

Completion of Sidal Aluminium's buildings, designed by Roger A. Parsons, is expected in July 1979.

£3.7m Kyle Stewart awards

WAREHOUSES figure largely among the latest contracts totalling £3.7m awarded to Kyle Stewart.

On the Lineside Industrial Estate, Eldon Way, Littlehampton, Sussex, the company has begun work on 16 warehouse units for Thorgate Properties. This project is due for completion in 40 weeks and will cost £1m.

Two further contracts are being undertaken at Brooklands Industrial Park, Oyster Lane, Weybridge, Surrey. The largest is worth £1½m and is for a steel-framed 5,250 square metre warehouse with a two-storey office block. The other award, worth £½m is for a warehouse for Cadbury Schweppes.

The company has also begun construction of a warehouse and showroom at Gurville Trading Estate, Taylor Road, Newport Isle of Wight, for MFI (£250,000) and of a four-storey reinforced concrete framed office block at Clarendon Road, Watford, Herts., for Slough Estates Design and Construction (£500,000).

Plans drawn up much faster

SPEEDIER building design, especially where standardised components are involved, is expected by W. S. Atkins to result from the adoption, after three months' trials of available systems, of the OXSYS packages developed by Applied Research of Cambridge to run on a mini-computer. Atkins has bought a Prime 300 for the purpose.

This building design system will complement similar facilities already in use and make it much easier for Atkins engineers and architects to lay before clients alternative project schemes compared on a capital cost basis. One result should be a strengthening of the company's position vis-a-vis foreign competitors.

Office blocks, hospitals, educational establishments and big housing schemes will be easier and quicker to plan and design office staff will be relieved of the burden of turning out many individual drawings containing a high degree of repetition in the detailing of identical components.

One of the reasons for the choice of Oxsys was the possibility of dovetailing it with other systems, including "Atkool," which is the Atkins package for the calculation of heating and cooling loads in buildings.

W. S. Atkins on Epsom (03727) 26140.

Cladding material orders

TWO ORDERS totalling over £1m have been placed with H. H. Robertson (UK) by Telford Development Corporation.

These orders are for the supply of Trimat cladding which is a laminate of profiled steel sheet and foam insulation. It is required for the walls and roofs of factories occupying ½m square feet on Telford's Halesfield and Hortonwood sites.

Rattee and Kett get four jobs

WORTH better than £1m, four contracts have been won by Rattee and Kett (John Mowlem).

Biggest job is worth £400,000, for the Royston Centre development in Hertfordshire. This is based on a supermarket, pre-let to Budgens, and five shops with offices and flats above. This work is for completion in November next year.

At Addenbrooke's Hospital in Cambridge, the company has begun work on the second stage of a programme to provide staff residential accommodation for the East Anglian Health Authority. Valued at £350,000, this job covers the setting up of a block of 60 bed sitting rooms.

Again in Cambridge, work has started on a £260,000 office development for Gredley Group (Holdings) to provide 10,000 square feet of space on three floors.

Fourth and final contract is the construction at St. Ives (Cambs) of a £175,000 extension to the existing telephone exchange for the Post Office.

In the meantime, Rattee and Kett is involved in the construction at Addenbrooke's of the £1½m research laboratories for the Medical Research Council.

Monk wins bridge and road work

INCLUDED in contracts worth over £4.4m won by A. Monk and Co., is one for the M5 motorway widening scheme for Hereford and Worcester County Council, valued at £3.6m. This work covers an 8.8 km stretch of the road north of the Lydiate Ash interchange where the existing dual two lane motorway is to be widened into dual three lanes by the end of 1979.

The company is to construct the first phase of the Busway link of the southern Loop Complex at Runcorn Town Centre for the Development Corporation under a contract valued at £596,292. Work comprises 600 metres of single 6.1 metre wide carriageway incorporating 310 metres of elevated structure and 290 metres of embankment carriageways, the latter surfaced with a flexible finish.

Under a contract valued at £216,086, the company will construct Haw Bank railway bridge as part of advance works for the eastern end of Skipton northern bypass trunk road.

Project in Western Sudan

THE MINISTRY of Overseas Development is financing a start on preliminary design work for the Southern Darfur Rural Development Project in Western Sudan. General aims of the project are to improve land utilisation in the savannah zone of Western Sudan and this start will enable the newly formed Western Savannah Development Corporation to set up its headquarters in Nyala, the provincial capital.

Construction requirements of the project include the Corporation headquarters, a number of development centres, water supply schemes from deep boreholes for the dry and uninhabited Qoz regions, small irrigation schemes and extensive road and track development.

Sir Murdoch MacDonald and Partners, in association with Hunting Technical Services, is providing general management and specialist technical staff in addition to engineering consulting services for the Development Corporation.

Shetland oil terminal in operation

FOUR YEARS after Parliamentary approval of the Zetland County Council Act 1974 giving the Council powers to build and operate a harbour at Sullom Voe in the Shetlands Islands, the Shetlands Islands Council (as it is now called) has commissioned the port which will handle oil from the Brent and Ninian North Sea oil fields.

Facilities available include navigation aids, surveillance radar, port administration and control centre, a tug harbour and the first of four tanker loading jetties designed to cater for up to 300,000 dwt tankers.

The three other jetties under construction will be commissioned by the end of this year and in the middle and at the end of next yar respectively. These facilities have been designed and their construction supervised by consulting engineers Peter Fraenkel and Partners and are estimated to cost about £45m.

Tesco store goes up in quick time

LATEST of the Superstores for Tesco, a four-block complex in Ballard's Lane, north London—has been handed over by Wates Construction within the 72-week completion period.

This was despite additional works requiring close on 700 square metres of offices, over and above the 3,650 square metres of stores, preparation areas and offices.

The total job cost was over £2¼m.

Services by Howfield

HOWFIELD ENGINEERING has won a £479,200 contract for the installation of mechanical services at a factory under construction in Colchester, Essex by W. and C. French (Construction) for Trebor Sharp. The architects are Arup Associates.

The company is also installing the services valued at about £300,000 for Hornby Hobbies: Rovex at Margate, Kent. Architects are Colin Tomlin Associates and services consultants are the Chapman Bathhurst Partnership.

IN BRIEF

- Work has started on three advance factories for the Department of Industry at Elland under a contract worth £442,000 awarded to Tarmac Construction of Leeds.
- Robert Watson and Company (Steelwork) is supplying and erecting the structural steelwork for an ICL printed board assembly factory in Manchester. Value of the contract is £200,000.
- Scott Hale (Contractors) has been awarded a £249,000 contract by the Greater London Council for site clearance, earthworks, drainage, landscaping and street lighting at Thamesmead.
- A 29-bed geriatric unit designed by Foster Ramford Construction at the Northern General Hospital, Edinburgh, has been completed at a cost of £150,000. Main contractor was Gilchrist and Lynn.
- Sir M. MacDonald and Partners have been appointed, in association with Hunting Technical Services and Sir Alexander Gibb and Partners, to undertake a reappraisal of previous proposals for pump schemes on the Nile in the Northern and Nile Provinces of Sudan.

هكذا من الأصل

Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● POLLUTION

Predicts the way a slick will move

TO COMBAT the menace of oil pollution in the North Sea, Scicon Computer Services bureau at Milton Keynes is offering a mapping/prediction ability applicable to oil spills of various types.

Sliktrak was developed by the Oil Industry International Exploration and Production Forum, an association of industry and government organisations operating in the oil exploration and production field.

It simulates the creation of an oil spill and predicts its movement and dispersal, taking into account factors such as wind, evaporation, mixing with the sea, currents, etc. Thus, it will predict how much oil will reach a particular coastline from any given oil well blow-out or spillage.

Sliktrak is available for use by oil companies who wish to test effects of potential oil spills. It can also be of great assistance to government agencies or local authorities faced with the sudden problems of an oil disaster. The facility is available on the Scicon bureau's twin Univac 1108 computers, 24 hours a day, seven days a week.

Developed after detailed research into the latest information about how spilt oil moves at sea, its major parameters, affecting the movement of a slick, are wind and ocean currents. These are simulated by information held on the computer files.

At present, information is held on the main current movements in the North Sea, and of the weather conditions taken from daily meteorological data compiled over two years. But the system also simulates the effects of evaporation, mixing, and photo-oxidation, the main natural ways in which oil is dispersed.

For the purpose of tracking slicks, the North Sea has been divided into rectangular blocks roughly 22 kms square — a convenient size because few oil fields occupy more than one block.

When a spillage occurs, a simulation of the slick's day-by-day progress through these blocks is run on the computer using the natural variables which affect its movement and size. Besides this, the computer also calculates the likely effect of any steps to disperse the slick whether by physical removal of oil from the sea's surface or by treatment by dispersants.

In this way, it is possible to estimate how much oil will reach the shore, when and where — vital information in planning clean-up operations and in costing the need for insurance cover.

Scicon, Brick Close, Kiln Farm, Milton Keynes MK11 3EJ. 0908 565656.

● SAFETY

Removing the static

DEVICES that prevent static discharge in industrial processes and so remove explosion and fire hazards, have been put on the market by The Radiochemical Centre, Amersham.

They make use of a sealed radioactive source of low activity contained in bars of lengths between 50 and 2,250 mm placed so as to ionise the air locally and prevent spark discharges.

The units are compact and easily installed, require no power supply connections, contain no moving parts and so are themselves safe in hazardous environments. They can therefore be used in coating and printing operations using flammable solvents, where any spark could cause fire or explosion and where conventional high voltage electrically powered static eliminators are ruled out on safety grounds.

A likely application will be where moving webs of non-conductive material such as paper or plastic pass over rollers: apart from fire hazards, static electricity can be uncomfortable to operators, attract dust, cause "wraparound" and with photographic products cause visible blemishes.

White Lion Road, Amersham, Bucks. HP7 9LL (02404 4444).

● CONFERENCES

Three days on micros

WITH THE aim of increasing awareness throughout British industry of the microprocessor, Sira Institute is organising a three-day conference and exhibition commencing June 18 at the London Press Centre.

A committee drawn from the research associations, the Department of Industry and the universities is to compile the programme, aiming it at a wide audience including financial and technical management, trade unions, senior engineers, factory and personnel managers.

The conference, which is expected to present authoritative contributions from key sectors of industry and government, will consider the impact of microprocessors on the future of industry and its workforce, jobs the devices can do in transforming equipment performance, benefits to be obtained and the investment and resources needed to design systems. Hardware and software will also be covered.

South Hill, Chislehurst, Kent BR7 5EH (01-467 2636).

● ACCOUNTING

Support for the private practices

ACCORDING to Zeus-Hermes, real-time communications and software specialists, of the 1,000 or so accountancy practices in the UK with four or more partners (and therefore probably big enough to make use of a computer), only a dozen or so have taken the plunge.

The company's aim is to dispel the belief that only the very large practice can benefit from computer assistance on site, emphasising at the same time that there is no need to understand, or employ someone who understands, the system itself.

Working in conjunction with Croydon and Company, the Praed Street, London, firm of chartered accountants, Zeus-Hermes has developed a package which, it claims, will meet the total operational needs of a professional accountancy practice.

Called PACT (practice accountancy and control system), it runs on a Honeywell Level Six minicomputer and consists of: time recording, billing and full statistical information; incomplete records (that is, sundry transactions) processing; and partnership book-keeping.

Advantages include improved cash flow through faster billing and closely monitored work-in-progress levels; substantial increases in productivity (less time spent in housekeeping); improved client service and fewer problems with things like gas and electricity bills, rates, car expenses, etc., due to quicker data entry and faster draft nominal ledger.

Price is dependent on the size of the workload, but a starting, basic system consisting of the mini with 64k of memory, a double-sided floppy disc store, visual display unit and a serial printer would cost £20,500 and would suit a practice of perhaps five or six partners.

● DATA PROCESSING

Quick check on entrants

EMI DATA, the secure magnetics division of EMI Industrial Electronics, has completed a prototype "automated immigration terminal," developed with support from the Department of Industry.

Designed specifically to read a new type of travel document, the passport card, which contains personal data in a machine readable OCR (Optical Character Recognition) fount, the EMI terminal scans a checker for the "watermark" magnetic tape invented and produced by EMI. It is this special feature which provides a very high level of security.

This so-called watermark is formed during manufacture of the magnetic tape by making the small iron oxide particles align in a firm pattern to form a unique code. This code cannot be altered or erased without destroying the basic material. Each passport card will have a unique tape, encoded with the card number.

EMI data terminals are controlled by microprocessors. They incorporate both an OCR reader which will read the personal data from the card and a magnetic unit to read the watermark. EMI Industrial Electronics, Astronaut House, Hounslow Road, Feltham, Middlesex TW14 9AD. 01-571 3271.

ICL's plant terminals

ROUNDING OFF the range of equipment it can offer users, ICL has reached an agreement with Feedback Data of Uckfield, Sussex, under which the latter will supply ICL with a new range of factory data terminals on which development is now in progress.

It is early days to estimate how much the contract could be worth but with any luck, it could represent something between £5m and £10m over the next three years or so.

No price has been fixed for any of the series, which will eventually be called the ICL 9600, to be launched and sold world-wide next spring.

The agreement with Feedback follows the launch, in October, of the ICL 9500 Series of retail business systems. It gives ICL the capability of supplying advanced terminal systems for use in factories, offices, shops and department stores. The 9600 Series will be compatible with the factory data collection systems currently marketed by ICL with the result that existing users will be able to add new terminals to their systems or change to the 9600 without difficulty, and at a pace convenient to them.

ICL House, Putney, London SW15. 01-788 7272.

● MATERIALS

Corrective safety spectacles

AO SAFETY PRODUCTS (part of British American Optical Company) has announced that it is now manufacturing a coated polycarbonate prescription safety lens with a scratch resistant coating.

The product can meet British Standard impact test, grade 2 and the company expects the "Kitemark" to be granted in December when the lenses become available.

The test means that the lens can withstand the impact of a ¼-inch diameter steel ball moving at 102 mph.

To date, prescription lenses in polycarbonate have not been available from AO: because of the method used to mould and coat polycarbonate it was impossible to polish and grind the surfaces to produce different optical powers.

Regulations concerned with eye protection in the Health and Safety at Work Act have increased the demand for prescription-lensed safety spectacles, putting more pressure on the makers to provide the worker needing corrective safety spectacles with the same lightweight lenses as the user with normal eyesight.

The company says it can now make the new lens, called Duralight, available for users of single vision lenses in a range of powers suitable for most prescriptions—for about 80 per of spectacle wearers. It is hoped to extend the range to bifocal wearers within about six months.

AO Safety International provides a complete eye protection programme for industry which includes vision screening, spectacle fitting and advice on the eye protection required for the particular environment. Individuals however, need to visit their optician to obtain a prescription.

AO Safety Products, Radlett Road, Watford, Herts (Watford 33522).

● PHOTOGRAPHY

Ensures the right flash

METERS which will measure the incident flash intensity on the subject during a test flash are becoming increasingly popular with the professional photographer since they do away with dials and tables and automatically compensate for surrounding reflective surfaces.

Designed and made in this country by Bowens Sales and Service is a meter which incorporates 17 light emitting diodes in a ring, one per half f-stop. Position of the f-stop ring is first set to suit the film speed in use and the meter is placed in the subject position.

Studio flash is then ignited, whereupon the appropriate LED lights up opposite the f-stop to be used for the actual picture. If desired, the studio flash can be triggered from the meter since a small flash gun can be mounted on the latter; a photocell unit is used at the studio equipment to receive the "signal."

Operated by two PP3 batteries in the base the meter measures only 132 x 77 x 29 mm. The central dial reads in half stops from f2.8 to f128, against film speeds from 12 to 36 DIN.

Royalty House, 72 Dean Street, London W1 (01-439 1781).

● ENERGY

Two power sources

DIESEL-DRIVEN generating sets aimed at various markets have been introduced by both Petbow and Tempest Diesels.

The Petbow machines are transportable silenced generating sets rated between 125 and 500 kVA with slim-fitting acoustic enclosures that meet a 70 dB(A) noise figure at seven metres. Called "Slimsound" the machines have been designed with the construction, hire fleet and offshore industries in mind, but should also prove suitable for standby applications in municipal and public works applications. Available with Cummins or Rolls-Royce engines, the generators have skid bases for on site mobility, extensive mineral wool noise insulation contained between zinc coated steel plating, and heavy duty silencer. Petbow is at Sandwich, Kent (03046 3311).

Power outputs between 3 and 320 kVA are offered by Tempest, with air cooled engines in 5 to 50 kVA range based on Petter, Lister or Dorman engines, and water cooled units up to 320 kVA based on prime movers from six different engine makers. More from Foundry Road, Stamford, Lincolnshire (0780 4387).

● INSTRUMENTS

Precise for five years

LATEST addition to the Autocal series of digital voltmeters from Norwich manufacturer Datron Electronics, the 1071, will go on producing accurate results for at least five years during which, claims the company, the cover of the instrument need never be removed.

The problem of recalibration, has been overcome on all the ranges of the 1071 using a simple technique carried out from the front panel in conjunction with internal non-volatile memories that contain all the relevant data. The conventional annual calibration is no longer necessary.

An unusual facility is that of automatic read-out of the maximum limits of uncertainty for any particular measurement: when an "error" key is pressed, the instrument collates all the factors influencing accuracy and indicates maximum possible reading error in per cent or parts per million.

Accuracy of the 1071 is claimed to be better than ±3 ppm of the reading, plus or minus one ppm of full scale in the 6½ digit version.

Measuring ranges are of the calibre to be expected for an instrument in this category. For direct voltage for example they are 0.1, 1.0, 10.0, 100 and 1000 volts and there is similarly comprehensive measurement of resistance, true RMS alternating voltage direct current, and alternating current.

Datron Electronics, Norwich Airport Industrial Estate, Norwich NR6 6HQ (0603 412126).

● HANDLING

Compacts the scrap

POWERFUL press-shears, capable of compacting and 'cleaning' scrap metal from cars, refrigerators, stoves, etc., into a sufficiently homogenous mass suitable for easy transportation and feeding into blast surfaces, have been developed by the Italian-based Vezzani company.

The machines, are available in five sizes, and will be marketed in the UK by George Cohen Machinery (a member of the 600 Group), Wood Lane, London W12 7RL (01-743 2070).

Shearing forces offered are of 350, 500, 600, 800 and 1,000 tonnes, respectively, to handle all types of material over prolonged periods.

The two main components—shearing apparatus and feed box—are set at an angle of 30 degrees to provide a highly efficient gravity scrap feed system, says the company. In addition, the feed box is equipped with a lateral compression wall to compress and reduce the overall size of material passing through.

● ELECTRONICS

Hi-fi for the '80s

UNTIL NOW Ferguson (a member of the Thorn Group) had never put its name into the hi-fi business. It has continued its tradition of meeting public demands for products such as stereo record players, unit audio and, in particular, music centres.

The company produced hundreds of thousands of radiograms during the 'fifties and 'sixties and a view of its newly launched Hi-Fi System 25 is extraordinarily reminiscent of the former "musical sideboard." The important difference is that this product incorporates the latest technological sophistication, is British made, and is beautiful to see and hear.

The system (which has been designed to meet the anticipated trend of the next few years) combines individual units of tuner, amplifier, cassette deck and turntable housed in a storage unit, supplied with matching floor standing loudspeakers. Records, cassettes, headphones and accessories can be stored safely and conveniently in the unit behind a smoked glass door.

Freedom from unsightly trailing leads has been achieved by the use of safety-approved shuttered mains auxiliary sockets. This means that all the units interconnect to operate from one mains switch only, yet still retain the flexibility to be used separately if required.

The tuner receives long, medium and stereo VHF wavebands with switchable AFC and interstation muting on VHF. Twin meters indicate centre zero for VHF tuning and signal-strength on all wavebands. A special refinement is that the audio circuits are temporarily muted while the wave change switch is being operated in order to eradicate unwanted noises from the speakers.

The front loading cassette recorder accepts ferric, chromium dioxide and ferrichrome cassettes and features the Dolby Noise Reduction system, and the turntable, a self-contained unit, is mounted on to a structural foam moulded plinth, having its own power supplies and speed control circuitry. A separate motor actuates the automatic arm lift and return and cueing.

IN BRIEF

● National Semiconductor has introduced an operational amplifier and voltage reference LM10 able to operate from a single supply down to 1.1V. 301 Harpur Centre, Bedford MK40 1TR (0234 47147).

● Linear and digital functions ordinarily requiring several integrated circuits to extract digital information from floppy disc heads has been combined in the MC3470 from Motorola, Empire Way, Wembley, Middx. (01-902 8836).

● Plessey Semiconductors has a new range of four element programmable operational amplifiers designed for applications in active filters, oscillators and low power/voltage amplifiers. Cheney Manor, Swindon, Wiltshire SN2 2QW (0793 36251).

● Cole Equipment is offering a range of rotary camswitches to provide sequential control for presses, lifting equipment and mining machinery. Church Road, Croydon CR0 1SG (01-686 7581).

● NSF can supply dry circuit switches suitable for low energy applications, made by Cutler Hammer, Keighley, Yorkshire BD21 5EF (0535 61144).

The Executive's and Office World

EDITED BY CHRISTOPHER LORENZ

Consultancy in Unilever style

NEXT WEEK a sizeable, but relatively unknown firm of management consultants, yet with many years' experience, will be offering its expertise publicly for the first time at a small seminar in London.

Until recently UI Management Consultants confined itself to the problems of one single company, its giant parent Unilever, the world's largest producer of consumer goods. Until the beginning of 1977 UI Management Consultants was simply the Organisation Division and was part of Unilever's head office staff.

Like any other major international company Unilever is faced with large head office staffs and has a desire to reduce it. With two head offices—London and Rotterdam—Unilever may be more conscious of this problem than most.

While they were simply part of head office staff, the internal management consultants were at the beck and call of the company's far flung empire. After all, a subsidiary company might well think "we are supporting that head office staff, why don't they come and do a bit of work for a change?"

Following a well established precedent Organisation Division was set up as a profit centre: this fundamentally altered its relationship with the rest of the group. The last time a company was spun off into its own profit centre from head office was in 1969 when Unilever Computer Services was formed and by 1976 was doing more business outside Unilever than within.

Other earlier examples are Unilever's research organisation RBL and advertising agency, Lintas, now being sold.

After becoming a profit centre, there was a modest fall in the amount of work the management consultancy was doing within Unilever. This was inevitable since subsidiary companies looked twice at what they were asking UI Management Consultants to do: the service was being charged at "full commercial rates."

According to Unilever, subsidiary companies are free to use outside consultancies although it would appear that UI Management Consultants will remain dominant throughout the group. But there can be few outside consultancies to match their expertise on process industry or transportation.

The drop in work within the group has been largely because subsidiary companies have taken on some of the more routine work to keep fees down.

According to Peter Fazackerly, UI Management Consultant's head of logistics division, much of the slack has been taken up by outside projects. Up to now outside projects have come through Unilever contacts — a supplier might mention a particular problem to the Unilever buyer who would put the company in contact with the consultancy.

At present about 5 per cent of the consultant's work is outside the group. As for its total turnover, it must rate the consultancy as one of the smallest pimples, £5m a year, on one of the largest behinds, over £9bn for the group.

Although outside work represents only a small part of its total operation it has conducted over 30 assignments independent of Unilever since 1977.

At next week's seminar it will tell companies about three management packages which it is offering in conjunction with two computer consultancies, F International and Unilever Computer Services.

Although the consultancy's expertise is wide ranging it is starting on these three main specialisations, since they are areas where Unilever has good proven systems.

These are: Measuring Customer Profitability, Cost Effective Packaging Design and Production Planning.

The first helps companies plan their distribution strategy by analysing the profit contribution from each customer. The second examines how to achieve the best packaging material, size and arrangement as even small changes can make sizeable differences to costs of storage, materials and handling. And the third is a computer system for production planning.

UI Management Consultants do not intend to limit their services to these areas, and if faced with a problem which needed expertise which was available elsewhere in Unilever, that could also be bought in.

UI Management Consultants' brief is that it continues to devote itself mainly to solving problems of Unilever's business and according to David Mace, one of its senior consultants, there is little likelihood of it becoming a major competitor with the independent consultancies.

But by consultancy standards, it is a fair sized organisation with 150 consultancy staff, with about 80 in London, 40 in Rotterdam and 30 in Hamburg. And of those about two-thirds come from a professional consultancy background, the remainder from Unilever management.

Its success would appear fairly well assured: there must be a fair number of companies interested in buying Unilever management know-how.

Jason Crisp

Business books

Building Financial Models, A Simulation Approach, by Hirsh Shaskar [illegible] Business Programmes, London, [illegible]. The primary aim of this book is to help business people who have little knowledge of financial models to build such a model. A secondary aim is to suggest new lines and insights to the already experienced modeller, which means the publication becomes progressively more complex.

The Organic Organisation and How to Manage It, by Hawdon Hague, Associated Business Press, London. The book offers two lines of thought to senior and aspiring senior managers. One is a set of concepts for seeing an organisation as an organic entity which, the author maintains, is the opposite of how an organisation is traditionally viewed. The other is the need for management to reassert itself, plus a justification and a strategy for doing so.

A Guide to the Successful Management of Computer Projects, by Hamish Donaldson, Associated Business Press, London, price £10.95. This book sets out to home in on fundamentals without getting lost in the techniques currently in vogue.

TDC INNOVATOR AWARD

The high cost of starting up with new technology

"IT IS very crude, but very fast," is how Graeme Minto describes the ink jet printing system which he plans to start manufacturing and marketing to the printing and publishing industries early in the New Year.

This may conjure up an image of some rudimentary piece of equipment, but Mr. Minto is being less than fair to himself. For the process that he is talking about—and which has just won him a £10,000 prize in Technical Development Capital's Innovator of the Year Award—is both sophisticated and flexible—in that it can print on any surface, be it flat, circular or extremely irregular.

It involves printing by means of spraying minute ink jets on to a surface at very high speed. No intermediate process, such as platemaking or setting up of metal type, is required. Though the principle is old—it has been known since the end of the 19th century—it is only in the last five years that it has been used commercially, most notably in the U.S. by IBM, using a process patented by A. B. Dick.

Lord Seebohm (left), chairman of Finance for Industry group which takes in Technical Development Capital, presents the Innovator Award to Graeme Minto.

Characters

But what makes Mr. Minto's systems different is that he can use very many more characters—256 against Dick's ten. Additionally, he has married the system to micro-processor technology, thus giving it a degree of control that makes it very fast and adaptable.

Winning the £10,000 prize has clearly given Graeme Minto the fillip he needed, just when he is about to start manufacturing his equipment. For the one thing that his experience highlights is the scale of funds needed to achieve any kind of technological development.

In fact, it seems unlikely that his new company, Domino Printing Sciences, would now be at launch stage if it had not been for Cambridge Consultants, the Cambridge-based contract research and development consulting agency. Mr. Minto was, until September, the manager of Cambridge Consultants' ink jet printing systems research and development group, and it was in this capacity that the technology was evolved over the last seven years. In his new guise, Minto will be using technology under licence from Cambridge.

Mr. Minto is reluctant to disclose just how much has been invested in his system, but admits that it is in the region of "hundreds of thousands of pounds." Much of that, presumably, has been borne by Cambridge Consultants, which no doubt hopes to recoup its investment through its royalty agreement with Minto. But additional funds have gone into Domino from Minto himself, and from his family, friends and "helpful" bank manager.

Yet, to date, no marketable machine has been built. And when they do start coming off the production line they will cost in the region of £10,000 each. Manufacture will make use of sub-contractors, with assembly taking place at the Domino works in Cambridge, where, Minto anticipates, a workforce of six will suffice for the first year, rising to 15 or 20 later if all goes well.

Minto feels he is prepared to handle a manufacturing operation. Prior to his time at Cambridge Consultants, he spent five years doing production engineering work on teleprinters at Marconi, part of the GEC group. And two years ago he took a management studies course at the Anglian Region Management Centre in Essex.

Royalty

Minto says he has already identified areas where he should be able to start bringing his costs down once production is under way. This will require some further development, leading to refinement of certain components so that they can either be produced from different materials or more economically.

While this development work goes on, research will also continue in order to improve the quality of the printing process which, says Minto with some pride, "uses licensed patents all originating in the UK. This is a British innovation and we hope to be the first all-British ink jet printer."

Clearly, to carry a research and development facility in so young a company would be very expensive and it appears that in this respect links will be maintained with Cambridge Consultants. Minto's royalty agreement with the consulting group takes account of access to future development work.

By selling to the printing and packaging industries, Minto will avoid a direct confrontation with IBM, which uses ink jet printing for one of its word processing systems (whereby information can be stored and printed out automatically). Minto feels his system is ideal for packaging because of its flexibility.

Nicholas Leslie

Credibility that provides a boost

"WINNING the TDC award gave us credibility. Where we were once dealing with, say, a products controller, all of a sudden we were known to the director of that company and he wanted to know whether it was dealing with Beaconet."

So says Michael Connett, joint founder with his brother Michael of Beaconet Equipment (Sales), just over a year after becoming the 1977 winner of the Innovator Award. The award, and subsequent Press publicity, have led to several developments which, among other things, seem to suggest that the company is on the brink of exploiting overseas potential.

Beaconet's innovations have been, firstly, a machine for filling cavity walls with foam insulation and, secondly, another machine capable of injecting foam into the voids of concrete building blocks while they are being manufactured. To get their developments off the ground the brothers—ignorant of the ways of raising finance—set about generating sufficient cash by setting up a general engineering company. By living on only £5 a week each they achieved their objective within two years.

Turnover of Beaconet rose by 80 per cent last year to around £½m and it has a current order book of nearly £½m. The number of staff employed has increased by 30 per cent to 75 and the engineering company the brothers started is still manufacturing all the equipment for the foam insulation machines.

Perhaps the most significant single development has been a link up with Borden Chemicals, of Southampton, a subsidiary of the U.S. group of the same name (which, in turn, owns such companies as Fabergé and Pepsi Cola). The agreement covers marketing and now means that Connett is represented in the U.S., France, West Germany, Spain and under a separate agency, in Scandinavia.

In the six months of their agreement "we have been more than pleased," says Michael Connett. "They are very good at personal contact. Their top man deals with us and introduces us to their top people in different countries."

It would be easy to get the impression that everything has been and is plain sailing for the Connett brothers, but they clearly have had to deal with growing pains. "Any expanding company has some financial problems. But now we think we know how to deal with them," says Michael Connett.

Still praising the support of their bank—the Midland—they are now looking to expand further their production area, having trebled the amount of space in the past year.

N.L.

COMPANY NOTICES

HILL SAMUEL OVERSEAS FUND S.A.
Société Anonyme
Luxembourg, 37, rue Notre-Dame
R.C. Luxembourg B8.422

Notice of Meeting
Messrs. Shareholders are hereby convened to attend a

General Meeting

which will be held at the offices of Kredietbank S.A. Luxembourgeoise 43, Boulevard Royal, Luxembourg on the 8th of December 1978 at 14.30hrs. with the following agenda:

Agenda
1. Submission of the reports of the Board of Directors and of the Statutory Auditor.
2. Approval of the Balance Sheet and the Profit and Loss Statement and appropriation of the results as at 30th September, 1978.
3. Discharge of the Directors and of the Statutory Auditor for the proper performance of their duties for the period ended 30th September, 1978.
4. Receipt of and action on nomination for election of Directors and of the Statutory Auditor for a new statutory term.
5. Renewal of the authorization to the Board to issue further shares within the authorized capital for a further period of five years expiring on 14th May, 1984.
6. Any other business.

Shareholders are advised that there is no quorum requirement for the points 1. through 4. inclusive and the resolutions thereon will be passed at the simple majority of the shares present or represented at the meeting, subject to the restriction that no shareholder either by himself or by proxy can vote for a number of shares in excess of [illegible] of the shares issued or [illegible] of the shares present or represented at the meeting.

Shareholders are also advised that on item 5, there is a 50% quorum requirement and the resolution thereon will be passed at a [illegible] majority of the shares present or represented at the meeting.

Holders of bearer shares may vote at the meeting in person by producing at the meeting either their share certificates or a certificate of deposit which will be issued to them against deposit of their share certificates with any of the following institutions:
Hill Samuel & Co. Limited, 100, Wood Street, London E.C.2
Kredietbank s.a. Luxembourgeoise, 43, Boulevard Royal, Luxembourg.

Holders of bearer shares may vote at the meeting by proxy by completing the form of proxy which will be made available to them against deposit of their share certificates as aforesaid.

Share certificates so deposited will be retained until the meeting or any adjournment thereof has been concluded.

Holders of registered shares may vote at the meeting either in person or by proxy by completing the form of proxy which will be sent to them.

In order to be valid all forms of proxy must reach the registered office of the Company at least one day before the date of the meeting.

By order of the Board of Directors

GERMAN GOVERNMENT INTERNATIONAL 5½% LOAN 1930 (YOUNG LOAN) CONVERSION BONDS

[illegible] the provisions of paragraph 3 (D) of the offer of the Federal Republic of Germany dated 31st March 1954.

The Trustee has advised the Bank of England that the question of the application of the Exchange Guarantee in the case of the re-valuations of the Deutsche Mark of March 1961 and October 1969 and of subsequent currency adjustments remains unsettled. The Trustee has also advised the Bank of England that it is unable to agree with the method of recalculation of the amounts due, which is being applied by the Bundesschuldenverwaltung as from 1st June 1976. The rights of bondholders with regard to those matters, therefore remain reserved irrespective of whether the coupons and bonds maturing on or after 1st June 1961 are presented for payment or not.

In view of the possible adjustment which may be made at a later date, collecting agents should retain details of the holders of all bonds on whose behalf coupons are lodged.

Bank of England.

20th November 1978.

THE BRAZIL FUND S.A.—SOCIEDADE DE INVESTIMENTO D.L. 1401
November 1975 and July 1977 Issue
Bearer Depositary Receipts "BDRs"
Issued by European Overseas Issuing Corporation S.A.
DIVIDEND COUPON NO. 6
Coupon No. 6 will be payable from 20th November 1978 onwards at one of the undermentioned offices at the rate of U.S.$260.8728 per 1,000 Depositary Shares and U.S.$2,608.728 per 10,000 Depositary Shares, less any additional withholding tax that may be deductible:
—The Chase Manhattan Bank N.A., Woolgate House, Coleman Street, London, EC2P 2HD.
—European Overseas Issuing Corporation, 11 Boulevard Grande Duchesse Charlotte, Luxembourg.
This amount represents the dividend of Cr.0.61 per share, less Brazilian withholding tax of 15% and the Depositary's commission of 1%.
20th November, 1978.

QUEBEC CENTRAL RAILWAY COMPANY CAPITAL STOCK
In preparation for the payment of the half-yearly dividend due January 15, 1979, on the above Stock, the Transfer books will be closed at 3.30 pm on December 15 and will be re-opened on December 19, 1978.
W. E. REEVE, Assistant Secretary.
50 Finsbury Square, London EC2A 1DD.
November 20, 1978.

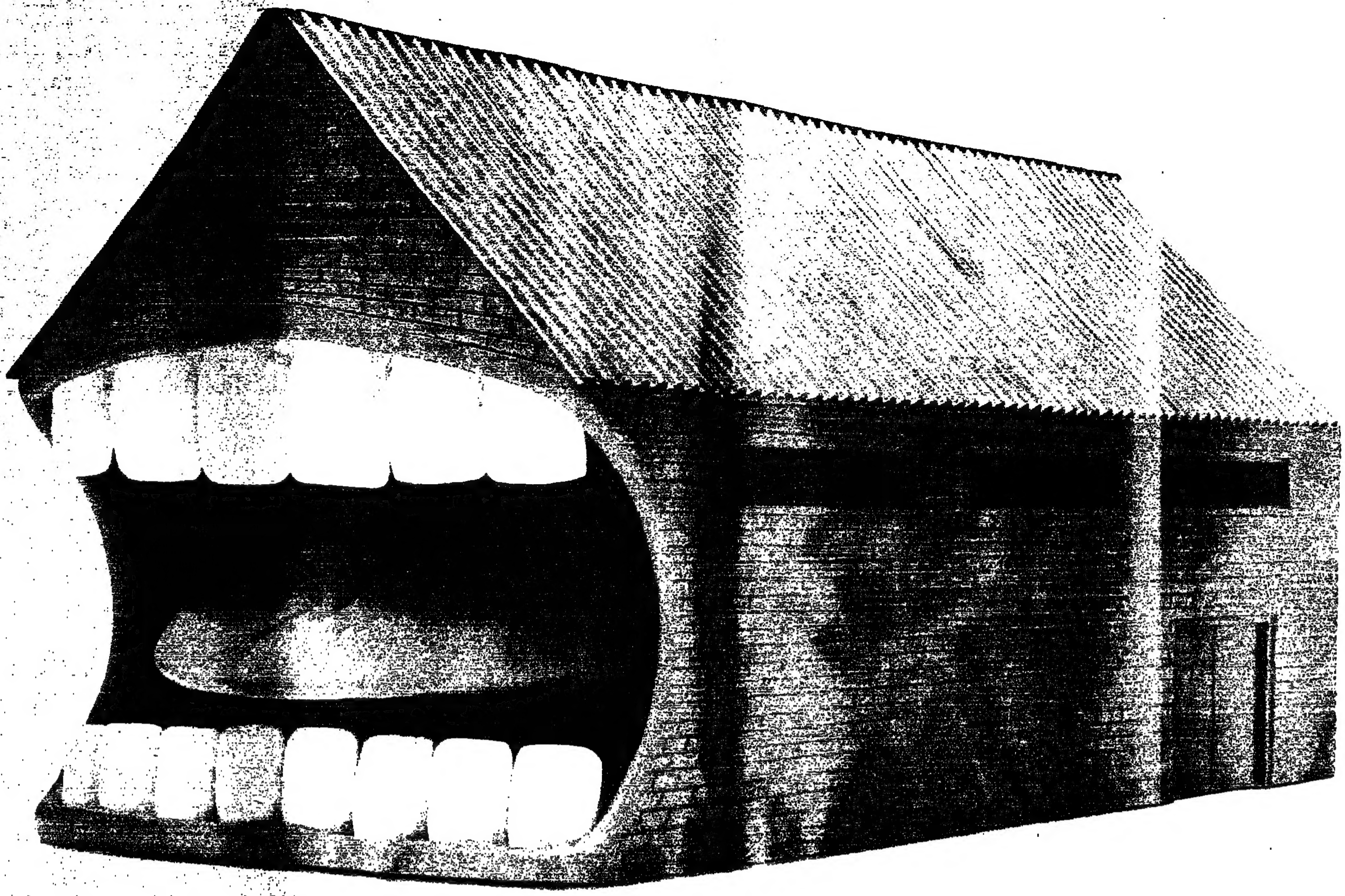
CANADIAN AND FOREIGN SECURITIES CO. LIMITED
The Royal Bank of Canada Trust Corporation Limited have received the following cable
The Directors of Canadian and Foreign Securities Co. Limited today declared a dividend of one dollar and twenty cents and extra dividend of nine-five cents on ordinary stock payable December 29th to share holders of record November 20th.
30-32, Ludgate Hill, London EC4M 7ND.
14th November, 1978.

MEMORIAL

HAMILTON a memorial service for James Lawrie Hamilton, retired director of Rockweld Ltd., will be held on Tuesday 5th December at 12 noon at St. Columba's Church of Scotland, Pont Street, London, SW1.

CLUBS

هكذا من الأصل



It swallows 50% of the average company's profits.

Whatever you make or sell, it's a fact of life that you have to pay for storage and materials handling.

The question is, need you pay as much as you do? The answer is, no.

For a recent survey by the Department of Industry showed that every company examined was paying more than it need.

The average cost was 5% of turnover.

Which represents half the average profit made by industrial companies.

Now look at four examples of companies which called in Dexion, and the savings they made:

1. Storage capacity up 50%, no increase in floor area, order picking times down 20%, estimated payback, 2 years.

2. Storage capacity up 40%, floor area down 50%, cost per pallet down 50%, estimated payback, 2½ years.

3. Value of stockholding levels down £50,000.

4. Storage capacity up 50%, no increase in floor area, overheads down 30%.

If you'd like to know how much you can save, we'll be happy to look at your storage and materials handling system and tell you how it can be improved.

And although we make and sell a wider range of storage equipment than any other company in the world, we won't recommend any of our own products unless they provide the best solution.

In the meantime, you can read detailed case-histories by sending for our 'Book of 100 Answers.'

Next year, there could be more of your money in your business, and less in your warehouses.

DEXION®

We'll help you make money out of thin air.

DEXION LIMITED, MAYLANDS AVENUE, HEMEL HEMPSTEAD, HERTFORDSHIRE. TELEPHONE HEMEL HEMPSTEAD (0442) 42261. TELEX 82242.

LOMBARD

The real value of forecasts

BY PETER RIDDELL

THE MOST significant economic event of the last week may turn out not to have been the breakdown of the Government/TUC pay talks out rather the publication of the new Treasury forecasts. But before readers rush off to call for my immediate incarceration on grounds of obvious disability brought on by a surfeit of statistics they might pause to consider the real significance of the forecasts.

Derided

The whole science, art or game of economic forecasting has, of course, been increasingly derided in recent years, and Mr. Denis Healey has been a leader of the sceptics. Indeed on Thursday the Chancellor distanced himself from his own officials not only by referring to the enormous margin of error in these forecasts but also by saying that the theories on which the projections are based are of uncertain value.

There is a lot to be said for this view though the record of both the Treasury and other leading forecasters is not as bad as is popularly assumed. This does not imply an incongruous belief in the likelihood of the Treasury forecasts being fulfilled in practice—far from it since the projections themselves do not represent what the Treasury realistically expects to happen in 1979 but what it hopes might happen if, in the best of all possible worlds, earnings increased by only 7 per cent in the current pay round.

The implausibility of this pay assumption makes the whole exercise less a forecast than a preferred outcome. But this does not render the figures useless. They have considerable interest in highlighting both what the Treasury thinks is happening to the economy now and the extent of its pessimism about the prospects even on a favourable pay outturn. In short, it provides a detailed, if depressing, interim report on how Britain has used the opportunity provided by North Sea oil.

Back in the spring there was, of course, a debate about the use of North Sea resources. Both the Prime Minister and Mr Healey stressed again and again that one option definitely rejected was allowing the oil to be frittered away on a consumer spending spree as in 1972-73. The latest forecasts show, however, that this is exactly what has happened, aided by the Government's expansionary fiscal policy.

The extent of the disappointment of earlier hopes is perhaps best shown by comparing the Treasury forecasts of last Wednesday with those produced in October 1977. Although the basis of the statistics has been changed from 1970 to 1975 prices the general conclusion is clear. For example, although the overall rate of economic growth between the second halves of 1977 and 1978 is likely to have been nearly as much as previously expected at 3½ per cent, the main components have not turned out as forecast.

In particular, consumer spending is likely to have risen by 5½ per cent against the 3 per cent increase previously envisaged, but manufacturing production has probably increased by only 2 per cent against a 3½ per cent rise expected a year ago. Exports are likely to have risen by only 3½ per cent against a forecast increase of 6 per cent, but imports have caused no surprises with an 11 per cent rise, as forecast.

The result is that instead of a surplus of £1.5bn in 1978 on the current account of the balance of payments the Treasury now expects a £250m deficit. This rather puts paid to the years of current account surplus being urged by the Bank of England last year. Indeed it is fortunate that the Treasury and the Bank have already succeeded in, discreetly, reducing the hump of the government burden of overseas debt in the early 1980s.

Slower growth

The figures can, naturally, be explained away by referring to the slower than expected growth of world trade and to the fast growth of imports in any upswing. However, the Treasury forecasts make it clear that the outlook for 1979 is no better even on favourable assumptions on pay and an unchanged exchange rate. Although the rate of economic growth is expected to slacken to 2 per cent between the second halves of 1978 and 1979 and the expansion of consumer spending to 2½ per cent, imports are projected to rise by 6½ per cent with a further increase in the import penetration of manufactured products. The only reason why the current account should not deteriorate is rising oil production.

All this does not necessarily mean that Britain is on the brink of disaster, as Mr. Wynne Godley so regularly predicts, though he is right to point out that the North Sea oil opportunity has not so far been used to remove any of the long-term constraints on Britain's economy. The real value of the new forecasts is in making that message absolutely plain.

THE WEEK IN THE COURTS

Goldfish bowl principle given forensic airing

BY JUSTINIAN

OPEN GOVERNMENT has been widely discussed in the wake of the lingering end of the Old Bailey trial of two journalists and a former soldier under the Official Secrets Act. If the prosecution lamentably failed to press home the gravity of their charges (the convictions on the lesser offences and the imposition of non-custodial penalties indicate the comparative failure of the Crown) the fundamental principle of the public's right to know what is being done in its name is a long way off total acceptance.

But openness in government is not restricted to public administration in Whitehall. Likewise, there has been a movement over the years to demand openness in the dealings of public companies. The goldfish bowl principle of corporate activity has been slowly gaining ground. One aspect of it was given a forensic airing last week in the Chancery Division of the High Court in *Borden (UK) Ltd. v. Scottish Timber Products Ltd. and another*.*

Section 95 of the Companies Act 1948 provides that any charge on the land, undertakings or debts of the company must be registered in due form within 21 days of its creation; otherwise it becomes void against the liquidator or any creditor of the company. In formal terms, it is the duty of the company to ensure that the registration is made, but in practice this is often left to the party in whose favour the charge is made. The section is part of a number of statutory provisions intended to ensure that the present capital structure, ownership and control of the company at any time, might be ascertained by any interested party.

Protection

Thus openness is insisted upon in the dealings of limited liability companies with debts secured upon the company's property. But not all charges upon a company's assets are caught by the section, as last week's case demonstrates.

It has become the practice of businessmen to protect themselves against loss resulting from the grant of credit facilities. When selling a commodity, the seller stipulates that the ownership of the material supplied on delivery will be transferred to the purchaser only when the latter has met all that is owing to his supplier. That seems straightforward enough: but what happens where the material supplied is used in the manufacture of articles ready for sale?

The practice has grown up among buyers and sellers of providing in the contract that any manufactured articles would be given to the suppliers as security of full payment of what the buyers owed, and that the buyers would keep the articles in their capacity of fiduciary owners on behalf of their suppliers. Ordinarily, that means that the manufactured articles cannot be sold to third parties until the manufacturer has paid the supplier for the materials. But the contract normally goes on to provide that the manufacturer may sell his articles in the normal course of business.

The question then arises whether the supplier of the material is entitled to a charge on moneys held in the purchaser's bank accounts, and to trace the proceeds of sub-sales of their property into the account.

In a case two years ago, the Court of Appeal† held that the supplier could trace the property. The critical question was whether such bargains create a fiduciary relationship entitling the supplier to claim moneys that are the proceeds of the sales of the manufactured articles. The argument for the purchasers was that this was a perfectly ordinary bargain creating the ordinary contractual relationship between buyer and seller.

The consequence of a contractual relationship is that if buyers become insolvent before payment for the goods was made by them to their sellers, then the sellers are left with the ordinary personal remedy as unsecured creditors of the buyers. It was argued additionally that there was no other proprietary remedy available to the sellers justifying their attempt to trace and recover the proceeds of the sub-sales that had come from the sub-purchasers into the hands of a liquidator or receiver of the purchasing company.

That would certainly be the position in the ordinary contract that contained no specific provision that stated that ownership did not pass until full payment had been made. But the provision that sought to impress the manufactured goods (or the proceeds of sale of the manufactured goods) with a charge on the property or the moneys, was held to be successful. An old doctrine of the Chancery Courts known as equitable tracing was adapted by the common law judges to give the sellers their protection against an insolvent debtor.

Provisions

The question in last week's case was whether the right to trace was a charge to which Section 95 did not apply, and therefore was not void against the company's creditors for lack of registration. A company manufacturing chipboard had used in their manufacturing process some resin supplied to it under a contract of sale.

The conditions of sale under which the resin had been supplied contained the following provision: "Risk and property. Goods supplied by the company shall be at the purchaser's risk immediately on delivery to the purchaser or into custody on the purchaser's behalf (whichever is the sooner) and the purchaser should therefore be insured accordingly. Property in goods supplied hereunder will pass to the customer when (a) the goods the subject of this contract and (b) all other goods the subject of any other contract between the company and the customer, which, at the time of payment of the full price of the goods sold under this contract, have been delivered to the customer but not paid for in full, have been paid for in full."

The resin accounted for about 17 per cent of the manufacturers' price for the chipboard. Since the deliveries were made in quantities sufficient for two days' production, it was essential to imply into the contract of sale a licence to use the resin in the usual course of manufacture, before it was paid for. Judge Rubin went on to hold that the effect of the clause in the contract was to create a fiduciary relationship between the supplier and the manufacturer, such as to allow the former to trace the proceeds of the sales of the chipboard. He rejected the contention that the use of the resin in the process of manufacture put an end to the right to trace. That right to trace was, moreover, not a charge within the scope of Section 95. And even if it were it was not a charge created by the company, and so was not void against the company's creditors for lack of registration.

* Times La wReport, November 15, 1978.

† *Aluminium Industrie Vaassen BV v. Romalpa Aluminium Ltd* (1976) 1 WLR 676.

TENNIS BY JOHN BARRETT

McEnroe beats Gullikson again after tie-break row

AS THE RACE for next January's Colgate Masters enters the last lap, 19-year-old John McEnroe of Douglaston, New York, has made certain of one of the coveted eight places.

He capped a week of outstanding tennis yesterday by winning the £88,000 Benson and Hedges Championship at the Wembley arena, and the first prize of £18,200, beating his fellow American Tim Gullikson 6—7, 6—4, 7—6, 6—2 in a dour struggle lasting 3 hours 41 minutes.

Seeded three, McEnroe—the 10th-ranked American—had not dropped a set until the final, where Gullikson's fine serving kept him level for most of the match until, towarsd the end, he tired visibly.

The opening set turned on the outcome of one of the finest tie breaks I can remember. McEnroe built a lead of five points to one, only to see his 27-year-old opponent reel off five points to lead 6—5: set point for Gullikson.

But when McEnroe's serve was returned down the line round the net post the ball appeared to fall out. However, both linesmen called the shot good and umpire Roy Cope-Lewis announced "Game and first set to Gullikson 7—6."

McEnroe exploded. "That ball was at least six inches out," he yelled. "Unless that point is changed I'm not finishing the match."

After receiving a 30-second warning from the umpire McEnroe, still fuming, appeared about to default when the net court judge walked to the umpire to explain that Gullikson's passing shot had hit him as it went by. So the umpire corrected the score to 6 points all and Gullikson went on to take the tie break nine points to seven.

One break of serve turned the second set McEnroe's way—a break to love in the ninth game. The third set tie break was as exciting as the first. The first five points all went against serve, but from five points all McEnroe broke Gullikson against to take the sequence 7 points to 5.

The younger man lasted better as the match entered its fourth hour and with two breaks in the sixth and eighth games McEnroe earned his biggest pay cheque since he turned professional earlier this year—at the Queen's Club tournament the week before Wimbledon.

This has been an amazing autumn for the American left-hander who, since losing to Jimmy Connors in the semi-final of the U.S. Open, has won three tournaments at Hartford, Connecticut, San Francisco and last week in Stockholm where Gulikson had again been his victim. On that occasion Gulikson lost 6—2, 6—2.

In his other tournaments McEnroe has been a finalist once and a semi-finalist three times so that yesterday was his fifth final in eight weeks—a record that prompted Arthur Ashe, 1975 Wimbledon champion, to comment that he believed McEnroe to be the best player in the world at the moment, "and that includes Connors and Borg."

The Benson and Hedges Championship, already in its third year, has established something of a tradition. Only Borg, Connors and Vilas of the world's top 30 players were absent and the quality of play was always high.

McEnroe destroyed all opposition in his path, including Dick Stockton of Dallas who had reached the semi-final at the expense of Rosco Tanner, the No. 8 seed.

McEnroe's swinging serves and lethal passes, taken often on the rise, accounted for him 6—4, 6—3. In the other semi-final, Gullikson had a walk-over with Ashe, who had injured a shoulder the night before.

It is a sobering thought for those who will accompany Britain's Davis Cup team to Palm Springs next month for the Davis Cup final that McEnroe will be the No. 1 singles player for America.

In view of the forthcoming Davis Cup final the performances of the British men at Wembley were disappointing. John Lloyd, who will almost certainly fill one of the singles places, lost his opening match to Stan Smith 6—3, 6—4. John's brother, David, was McEnroe's first victim, going down 6—4, 6—2.

It was left to the British team's elder statesman, Mark Cox, now 34, to keep the flag flying. He had a commendable win against Wojtek Fibak of Poland before losing with honour to the No. 6 seed Sandy Mayer 6—1, 7—5.

The Colgate Women's Series ended in Palm Springs last week with an important victory for Chris Evert. In the final she gained revenge against her Wimbledon conqueror Martina Navratilova by beating her 6—3, 6—3 in 70 minutes to take the first prize of $75,000.

In the semi-final she had crushed Virginia Wade's hopes of returning to the top of the women's game with a 6—2, 6—2 win. Miss Navratilova had beaten Virginia Ruzici of Romania—the girl who won the Brighton tournament last month—6—4, 6—1.

It was announced at Palm Springs that next year's Colgate Series finals might be held in Britain.

CRICKET BY TREVOR BAILEY

Sunny breeding ground for cricketing greats

BARBADOS IS a small, heavily populated island. Unlike many in the Caribbean it never changed hands and remained a British possession until independence. It became known as Little England, produced the best policemen in the West Indies, proved ideal for sugar growing, has an airport which cannot deal adequately with present demands—and adopted cricket as its second religion.

Barbados has bred more outstanding cricketers since World War II per square mile than anywhere else in the world. Sir Gary Sobers; the three Ws (Weekes, Walcott and Worrell) possibly the best certainly the most exciting middle-order trio ever to appear in one side; Conrad Hunte, the most accomplished of West Indian openers; Seymour Nurse, and the much feared new ball partnership of Hall and Griffith, all came from this island.

In some respects even more remarkable is that seven of Kerry Packer's 18 West Indians and five of the official West Indian touring team in India, are Bajans. Although 12 of their players are currently out of the country, Barbados could still turn out a team, that would, out there, be about the equivalent of the strongest eleven from four first-class English counties, minus their overseas cricketers.

This assessment was certainly borne out, while participating in the first Pro-Am Cricket Festival to be staged there, and, as far as I am aware, ever held. This somewhat improbable event, which has just ended, was sponsored by British Airways and organised by Fred Rumsey. Some 80 club cricketers from all over Great Britain of varying ages and standards took part.

They were divided into seven teams each commanded by a golden oldie, such as Denis Compton, Brian Close, Reg Simpson, and reinforced by local talent of considerable class. They took part in an eight-team competition on Benson and Hedges lines which, not surprisingly, was won by the only all-Bajan side, which had been selected from a junior league. Another tournament on a larger scale is being planned for next year.

Confronted by the Brian Close eleven and finding my side one short, experience came to my rescue when I slipped in a local who happened to be lurking nearby. He proceeded to score a century which was beyond the range of most county players—but he had never even made the Barbados team.

In the final match between the Pick of the Invaders and a Barbados Cricket Association side, the latter included a 19-year-old quickie who has yet to represent the island but would open any county attack. If there is a club which wants a young, perfectly built fast bowler, brilliant fielder an uninhibited striker of the ball, just contact me.

Barbados is ideal for a club tour and teams from the UK are going there in ever increasing numbers because there are so many good grounds with fine pitches within easy reach. The only problems are the power and the competitiveness of the opposition, while the strength of the sun and the rum are liable to prove an additional hazard.

Barbados cricket is exceptionally powerful because their climate allows the game to be played virtually throughout the year. The Barbados season begins at the end of May and continues until mid-December. Their home test series and inter-island crickets takes place in January February and March.

Enthusiasm

Cricket on the island is well organised at all levels, not the least important aspect being the support and enthusiasm to be found in the country districts, where the best fight their way into the Barbados Cricket Association league and, from there, into the island, and eventually, national team.

The association's league games represent their top club cricket, in which all their first-class players take part. The overall standard has declined in recent years as so many of their stars are now mercenaries in other countries. But it is still high, much higher than that of English club, or league cricket.

One big advantage is that their matches are two-innings affairs, staged over three successive Saturdays on very good fast pitches, unless it should rain. A two innings match means that bowlers have less chance to be negative, and wait for a declaration. They have to capture wickets in conditions that assist batsmen who have time and ability. The batsmen, for their part, are encouraged to play both their strokes and big innings.

However, leaving aside the enormous love which exists for the game and the natural athleticism of the inhabitants I think the most important single reason why the standard of the Barbados game is so good, is soft ball cricket.

This on its own is an excellent game, played under the basic laws of cricket with the following amendments: the ball is a soft tennis ball, dyed red, which makes it slightly heavier, the bat is a flat piece of wood, the pitch, 18 yards long, needs no preparation and it can be played almost anywhere. Unlike proper cricket, equipment costs are negligible, which is especially important in the Caribbean.

In Barbados the soft ball game is so popular that there are adult leagues and it is not unusual to find five matches, complete with umpires and scorers, being staged at the same time on the outfield of a small ground.

Nevertheless, the real significance of soft ball cricket is that it provides young boys with a perfect introduction to the game, and teaches them good habits at an early age.

What would be an interesting experiment in England would be a soft ball knockout competition among primary schools. In the long term, I'm sure, it would raise the standard and increase the interest in an area where the game is too often ignored. Soft ball cricket is not only fun to play but it is cheap to run and produces good players.

RACING BY DOMINIC WIGAN

Marshelstown is safest bet

NO TRAINER has his string in finer form as yet than Tony Dickinson, for whom I'm A Driver and Big Ben were winners on Saturday, and I shall not be looking beyond his Marshelstown for the safest bet at Leicester today.

Dickinson has already sent out this Saint Vincent gelding to land four consecutive races this season, and judged on the eight-year-old's last effort—a conspicuously easy victory over Venetian Blind at Teesside, Marshelstown need only put in a clear round to land the Leceistershire Silver Fox.

For the forecast, Kabeau, the winner of a match at Ludlow last time out, appeals considerably more than the erratic Red Trump, who takes the field without the benefit of a previous outing.

At today's other meeting, Ayr, where on the corresponding afternoon a year ago Gordon Richards scored with Kirwaugh and Bobbie Gordon, it could again be a day for the Penrith trainer to remember.

Kirwaugh looks poised to gain a repeat win and improve on an already impressive tally of four course victories in the Symington Hurdle, while French Pin ought to be good enough to achieve an overdue victory in the Mauchline Chase.

The 10-year-old Kirwaugh, a disappointment on his first two appearances this term, returned to winning form in no uncertain style at Perth last time out. Making all his own running in the 2½-miles Fair City Hurdle, the Sea Wolf gelding ran out a six length winner from the even-money favourite, Igloo Fire, after setting up a decisive lead a long way out.

Although he was receiving 21 lbs. from Arthur Stephenson's runner-up there, Kirwaugh undoubtedly put up a useful performance, and it is probable that he will show further improvement now that he is back in action on his favourite track. I take him to add to his tally with a clear-cut victory over the lightly weighted Fogbound, who again let his supporters down when beaten fully three flights from home in a two-mile-five-furlong handicap at Teesside last time out.

French Pin, a short-head victim of Igloo Fire's stable-mate, Cumbria, in a three-mile chase at Southwell towards the beginning of this month, again found one too good at Hexham last time out. Going down to another Stephenson gelding, The Censor, after blundering away his chance at the 12th fence. He is clearly no world beater in the making, but should, nevertheless be able to take care of his three opponents off bottom weight of 10 st 5 lbs.

Incidentally (if all has gone to schedule) he will be partnered by that popular former champion, Ron Barry, who landed another Colonial Cup with Grand Canyon on Saturday. The English challenger took the Camden prize in South Carolina with a two-lengths victory over Deux Coup. Cafe Prince, who had scored two victories in the race, was third.

AYR

1.15—Milk River
1.45—Apache Pass
2.15—French Pin*
2.45—Kirwaugh***
3.15—Weather All
3.45—Eminence

LEICESTER

2.00—Marshelstown**
2.30—Equivocal
3.00—Breathing Exercise

TV/Radio

BBC 1

9.38 am For Schools, Colleges. 10.45 You and Me. 11.00 For Schools, Colleges. 12.45 pm News. 1.00 Pebble Mill. 1.45 The Flumps. 2.01 For Schools, Colleges. 3.15 Songs of Praise. 3.53 Regional News for England (except London). 3.55 Play School (as BBC2, 11.00 am). 4.20 Maxidog. 4.25 Jackanory. 4.40 C.B Bears 5.00 John Craven's Newsround. 5.05 Blue Peter. 5.35 Ivor the Engine.

5.40 News
5.55 Nationwide (London and South-East only)
6.20 Nationwide
6.50 It Ain't Half Hot Mum
7.20 Tycoon
8.10 Panorama—The Battle of Printing House Square: Behind "The Times"
9.00 News
9.25 The Monday Film: "Curse of the Black Widow," starring Tony Franciosa
11.00 Tonight
11.40 Weather/Regional News

All Regions as BBC1 except at the following times:

Wales—1.45-2.00 pm Pili Pala. 4.40-5.00 Duwlau ac Arwyr. 5.55-6.20 Wales Today. 6.50-7.20 Heddiw. 11.40 News and Weather for Wales.

Scotland—10.00-10.20 am For Schools (Around Scotland). 5.55-6.20 pm Reporting Scotland. 11.40 News and Weather for Scotland.

Northern Ireland—3.53-3.55 pm Northern Ireland News. 5.55-6.20 Scene Around Six. 1.00 Linfield's Sporting Dynamos at Windsor Park, Belfast. 11.45 News and Weather for Northern Ireland.

England—5.55-6.20 pm Look East (Norwich); Look North (Leeds, Manchester, Newcastle); Midlands Today (Birmingham); Points West (Bristol); South Today (Southampton); Spotlight South West (Plymouth).

BBC 2

10.05 am The Role of the Nurse
10.30 Workers on the Board?
11.00 Play School
2.15 pm Let's Go
2.30 Roads to Conflict
3.00 Knitting Fashion
3.30 Making Toys
4.00 Parents and School
5.30 News on 2 Headlines with sub-titles
†5.35 Laurel and Hardy Showcase: "Hog Wild"
5.55 Schubert 1797-1828
6.25 The Devil's Music
6.30 And Now The Good News...
7.15 Mid-evening News
7.20 Chronicle
8.10 The Fred Kaps Magic Show
9.00 Monty Python's Flying Circus
9.30 The Body in Question
10.20 Word for Word
10.50 Late News
11.05 Schubert 1797-1828—"The Trout": Christopher Nupen's film
12.05 am Closedown (Reading)

LONDON

9.30 am Schools Programmes. 12.00 Paperplay. 12.10 pm Pipkins. 12.30 What About the Workers? 1.00 News, plus FT Index. 1.20 Thames News. 1.30 About Britain. 2.00 Afternoon. 2.25 Monday Matinee: "Time for Loving." 4.20 Clapperboard. 4.45 The Paper Lads. 5.15 Mr. and Mrs.

5.45 News
6.00 Thames at 6
6.25 Help!
6.35 Crossroads
7.00 Bernie
7.30 Coronation Street
8.00 Robin's Nest
8.30 World in Action
9.30 Looks Familiar Special
10.00 Monday Night Film: "See You in Hell Darling," starring Stuart Whitman, Janet Leigh and Eleanor Parker
12.25 am Close: The Music of Cesar Franck with a painting by Auguste Renoir

All IBA Regions as London except at the following times:

ANGLIA

12.30 pm The Electric Theatre Show. 1.25 Anglia News 2.00 Houseparty. 2.25 Mystery Movie—Amy Prentiss. 5.15 University Challenge. 6.00 About Anglia. 10.30 The Brian Connell Interviews 11.00 TV Movie: "The Spy Killer" starring Robert Horton. 12.25 am Reflection.

ATV

12.30 pm George Hamilton IV. 1.20 ATV Newsdesk †2.25 Movies to Remember: "Footsteps in the Fog" starring Stewart Granger and Jean Simmons. 5.15 In Search of Astrology 6.00 ATV Today. 10.30 Left, Right and Centre. 11.15 The New Avengers.

BORDER

12.30 pm Wildlife Cinema †1.20 Border News 2.00 Houseparty. 2.25 Matinee: "They Call It Murder" 5.15 University Challenge 6.00 Lookaround Monday 6.20 Cartoon Time. 7.00 Mr and Mrs. 10.30 Pro-Celebrity Snooker 11.15 Barnaby Jones 12.10 am Border News Summary.

CHANNEL

1.18 pm Channel Lunchtime News and What's On Where. 2.25 The Monday Matinee: "The Dolly Sisters." 5.15 University Challenge. 6.00 Channel News. 6.10 The Beachcombers. 7.00 Botanic Man. 10.28 Channel Late News. 10.32 The Horror Film: "The Haunted House of Horror." 12.10 am Channel Gazette followed by News and Weather in French.

GRAMPIAN

9.25 am First Thing. 12.30 pm Make It Count. 1.20 Grampian News Headlines. 2.25 The Regions Report. 2.50 Raffles. 3.50 The Sullivans. 5.15 University Challenge. 6.00 Grampian Today. 6.05 Laverne and Shirley. 10.30 Reflections. 10.35 The Monday Film: "Pretty Maids All in a Row" starring Rock Hudson, Angie Dickinson and Telly Savalas. 12.20 am Grampian Late Night Headlines.

GRANADA

12.30 pm Farmhouse Kitchen. 1.20 Dodo. 2.25 Monday Matinee: "The Man" starring James Earl Jones. 4.15 The Undersea Adventures of Captain Nemo. 5.10 What's New 5.15 Crossroads. 6.00 Granada Reports. 6.30 Botanic Man. 10.30 Reports Politics. 11.00 Mystery Movie Premiere: McCloud.

HTV

12.30 pm Make It Count. 1.20 Report West Headlines. 1.25 Report Wales Headlines 2.00 Houseparty. 2.25 The Regions Report. 2.50 Raffles. 3.50 The Sullivans 5.15 The Undersea Adventures of Captain Nemo. 5.20 Crossroads 6.00 Report West. 6.22 Report Wales. 10.35 The Monday Film: "Hotel" starring Rod Taylor and Karl Malden.

HTV CYMRU/WALES—As HTV General Service except: 1.20-1.25 pm Penawdau Newyddion y Dydd. 2.00-2.25 Ramadden. 6.00-6.22 Y Dydd. 9.30-10.00 Yr Withros.

HTV WEST—As HTV General Service except: 1.20-1.30 pm Report West Headlines. 6.22-7.00 Report West.

SCOTTISH

12.30 pm Farmhouse Kitchen. 1.25 News and Road and Weather 2.25 Regions Report. 2.50 Raffles. 3.50 The Sullivans 5.15 Cartoon. 5.20 Crossroads 6.00 Scotland Today. 6.25 Crime Desk. 6.33 Wait Till Your Father Gets Home 10.30 Late Call 10.35 The Detectives—Colombo.

SOUTHERN

12.30 pm Make It Count. 1.20 Southern News 2.00 Houseparty 2.25 Heart to Heart. 2.50 Raffles. 3.50 The Sullivans 5.15 The Undersea Adventures of Captain Nemo 5.20 Crossroads. 6.00 Day by Day 10.30 Southern News Extra 10.35 Face to Face 11.05 The New Avengers. 12.00 Farm Progress.

TYNE TEES

9.25 am The Good Word followed by North East News Headlines 12.30 pm Wildlife Cinema. 1.20 North East News and Lookaround 2.25 Family 3.20 Generation Scene 3.35 Cartoon Time 3.50 Lassie. 5.15 University Challenge 6.00 Northern Life. 6.30 Police Call 10.30 The Monday Film: "Bof." 12.15 am Epilogue

ULSTER

12.30 pm Make It Count 1.20 Lunchtime 2.00 See You Monday. 2.25 Heart to Heart. 2.50 Raffles. 3.50 The Sullivans. 5.15 Cartoon. 5.20 Crossroads. 6.00 Reports 6.35 Laverne and Shirley. 10.30 Monday Night. 10.40 Photography in Focus. 11.10 In Search of . . . Loch Ness Monster 11.35 Bedtime.

WESTWARD

12.27 pm Gus Honeybun's Birthdays. 12.30 Farmhouse Kitchen. 1.20 Westward News Headlines. 2.25 The Monday Matinee: "The Dolly Sisters." starring Betty Grable and John Payne. 5.15 University Challenge. 6.00 Westward Diary and Sports Desk. 7.00 Botanic Man. 10.28 Westward Late News. 10.30 The Horror Film: "The Haunted House of Horror" starring Frankie Avalon. 12.10 am Faith for Life

YORKSHIRE

12.30 pm Farming Outlook. 1.20 Calendar News. 2.25 Family. 3.20 Heart to Heart. 3.50 Andy. 5.15 University Challenge. 6.00 Calendar (Emley Moor and Belmont editions). 10.30 Pro-Celebrity Snooker. 11.15 Barnaby Jones. 12.10 am Oscar Peterson Presents . . . Zoot Sims, Al Grey and Dizzy Gillespie.

RADIO 1 247m

(s) Stereophonic broadcast
‡ Medium Wave

5.00 am As Radio 2. 7.00 Dave Lee Travis. 9.00 Simon Bates. 11.31 Paul Burnett. 2.00 pm Tony Blackburn. 4.31 Kid Jensen. 6.30 Stayin' Alive. 7.30-10.00 As Radio 2. 10.00 John Peel (s). 12.00-2.02 am As Radio 2.

RADIO 2 1,500m and VHF

5.00 am News Summary. 5.02 Tony Brandon (s) including 6.15 Pause for Thought. 7.32 Terry Wogan (s) including 8.27 Racing Bulletin and 8.45 Pause for Thought. 10.02 Jimmy Young (s). 12.15 pm Waggoners' Walk. 12.30 Pete Murray's Open House (s) including 1.02 RAC Rally report and 1.45 Sports Desk. 2.30 David Hamilton (s) including 2.45 and 3.45 Sports Desk. 4.30 Waggoners' Walk. 4.45 Sports Desk. 4.48 John Dunn (s) including 5.45 Sports Desk. 6.45 Sports Desk. 7.02 BBC Northern Radio Orchestra (s). 7.30 Alan Dell: 7.30 The Dance Band Days. 8.02 The Big Band Sound (s). 9.02 Humphrey Lyttelton with The Best of Jazz on records (s). 9.55 Sports Desk. 10.02 Pop Score. 10.30 Star Sound. 11.02 Brian Matthew introduces Round Midnight, including 12.00 News. 2.00-2.02 am News Summary.

RADIO 3 464m, Stereo & VHF

6.55 am Weather. 7.00 News. 7.05 Overture (s). 8.00 News. 8.05 Morning Concert (s). 9.00 News. 9.05 This Week's Composer: Rimsky-Korsakov (s). 10.00 Talking About Music (s). 10.30 Songs by West Country Composers (s). 11.15 Beethoven Chamber music on record (s). 11.35 Midday Concert (s). 1.00 pm News. 1.05 BBC Lunchtime Concert (s). 2.05 Music for Organ (s). 2.55 Matinee Musicale (s). 3.55 New Records (s). 4.50 Bartok's For Children (s). 5.15 Bandstand (s). 5.45 Homeward Bound (s). 6.30 News 6.35 At Home: The Sound of the Trumpet (s). 7.30 Radio 3 Frequency Change (s). 7.35 "Der Fliegende Hollander," romantic opera by Wagner (s). 10.05 The Gallows Songs (s). 10.20 Plainsong and the Rise of European Music (s). 11.15 Jazz in Britain (s). 11.45 News. 11.50-11.55 Tonight's Schubert Song on record.

RADIO 4

434m, 330m, 285m and VHF

6.00 am News Briefing. 6.10 Farming Week. 6.30 Today: Magazine, including 6.45 Prayer for the Day. 7.00 and 8.00 Today's News. 7.30 and 8.30 News Headlines. 7.45 Thought for the Day. 8.35 The Week on 4. 8.45 James Cameron and the BBC Sound Archives. 9.00 News. 9.05 Start the Week with Richard Baker. 10.00 News. 10.05 Wildlife. 10.30 Daily Service. 10.45 Morning Story. 11.00 News. 11.05 Black Rhythm and Roots. 11.50 Announcements. 12.00 News. 12.02 pm You and Yours. 12.27 Top of the Form. 12.55 Weather, programme news. 1.00 The World at One. 1.30 The Archers. 1.45 Woman's Hour including 2.00-2.02 News. 2.45 Listen With Mother. 3.00 News. 3.05 Afternoon Theatre. 4.35 Story Time: "The Master of Ballantrae." 5.55 Weather; programme news. 6.00 News. 6.30 Dr. Finlay's Casebook. 7.00 News. 7.05 The Archers. 7.20 "Under Milk Wood," play by Dylan Thomas (s). 9.15 A Sideways Look At . . . 9.30 The Red-Haired Priest (discussion about the life of Vivaldi). 9.59 Weather. 10.00 The World Tonight. 10.30 The Sacred Grove. 11.00 A Book at Bedtime. 11.15 The Financial World Tonight. 11.30 Today in Parliament. 12.00 News.

BBC Radio London

206m and 94.9 VHF

5.00 am As Radio 2. 6.30 Rush Hour. 9.00 London Live. 12.03 pm Call In. 2.03 206 Showcase. 4.03 Home Run. 6.10 Look, Stop, Listen. 7.30 Black Londoners. 8.30 Breakthrough. 10.03 Late Night London. 12.00 As Radio 2. 12.05 am Question Time from the House of Commons. 1.05-Close: As Radio 2.

London Broadcasting

261m and 97.3 VHF

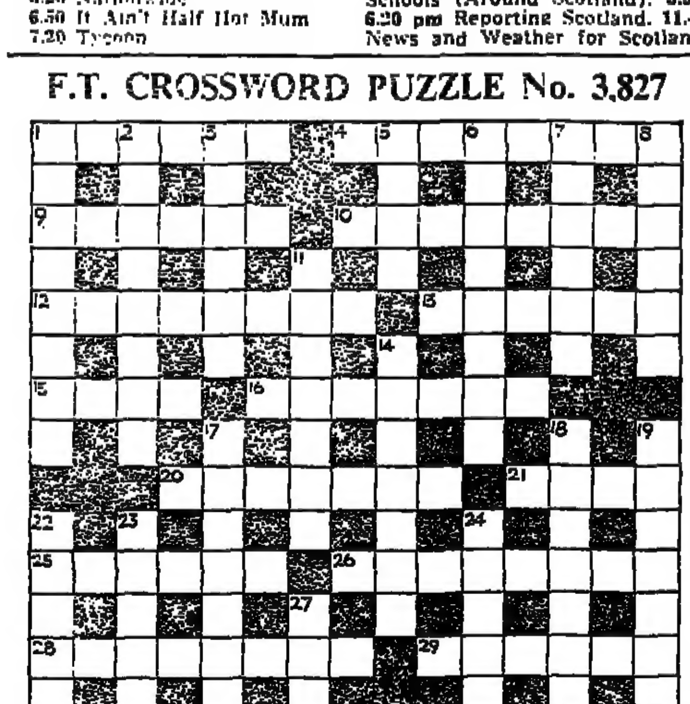
5.00 am Morning Music. 6.00 AM: non-stop news, information, travel, sport. 10.00 Brian Hayes Show. 1.00 pm LBC Reports. 3.00 George Gale's 3 O'Clock Call. 4.00 LBC Reports (continues). 8.00 After Eight. 9.00 Nightline. 1.00 am Night Extra.

Capital Radio

194m and 95.8 VHF

6.00 am Graham Dene's Breakfast Show (s). 9.00 Michael Aspel (s). 12.00 Dave Cash (s). 3.00 Roger Scott (s). 7.00 London Today (s). 7.30 Bryan Wolfe's Open Line (s). 9.00 Nicky Horne's Your Mother Wouldn't Like It (s). 11.00 Mike Allen's Late Show (s). 2.00 am Peter Young's Night Flight (s).

F.T. CROSSWORD PUZZLE No. 3,827



ACROSS

1 English writer gets in after the toast (6)
4 Station saint includes oriental sweetbread (8)
9 Composer for a Frenchman in virtuous surroundings (6)
10 Bulletin from Queen Charlotte's for Queen Mary's husband (8)
12 Fostered the Russian after a short time (8)
13 The accent is on footwear (6)
15 It's lost if they have it (4)
16 Tensions of the retinue on board (7)
20 Dumb people get about in the records (7)
21 Flair that upsets 15, but sounds the same (4)
25 This development is straggling (6)
26 Rivals unpunctual among birds (8)
28 Flying Squad returning in a temper means to give up office (8)
29 Holly gives spirit to Ireland (6)
30 The part of New York that has no story? (4, 4)
31 Network with solar association (6)

DOWN

1 I'm in the ruling military unit (8)
2 Sinks a novel captain in the ship (8)
3 One doctor with little informa- for the girl (6)
5 A doctor's book of the Bible (4)
6 The crone, though upset, is consistent (8)
7 Greeny kind of activity (6)
8 Ancient helmet for everyone in the group (6)
11 Fluster, oddly enough, could be soothing (7)
14 In Sicily the doctor is less sun-tanned (7)
17 Separates the rich man and the monster inside (8)
18 There's gold in that there place (4, 4)
19 You must make allowances for writers about endless rising noise (8)
22 Armour for buried oriental (6)
23 The sailor with a date is waiting (6)
24 A dance we know for a girl over 50 (6)
27 A string of horses for the boss (4)

The solution of last Saturday's prize puzzle will be published with names of winners next Saturday.

Bouffes du Nord, Paris

Mesure pour Mesure

by MICHAEL COVENEY

After the ingenious thrift of *Ubu* in Paris and *Antony and Cleopatra* at Stratford, Peter Brook continues on his luxuriantly economical course with a production of *Mesure* that is far more concentrated on acting standards than it is on establishing any social or moral imperatives for what actually happens. When Mr. Brook directed the play at Stratford in 1950 with John Gielgud as Angelo and a young Barbara Jefford as Isabella, he went to town on the underworld, George Rose scoring a memorable (by all accounts) impact as Pompey and the prisoners of the new morality wheeled ceremoniously on, even down to the veteran "wild Halfcan that stabbed pots."

A new and most enjoyable French prose translation by Jean-Claude Carrière reduces the play to its essentials, denying us any overall view of Vienna on the skids to present a landscape of characters surviving in relation to each other. Thus Claudio is a trembling victim of his own social misdemeanour less concerned with justifying his lust than in explaining it to his sister. And Isabella, played with riveting, sympathetically sanctimonious power by Clémentine Amouroux as a crop-haired novitiate in dark blue, emerges as an inevitable soul-mate to the whimsical experimentalism of the absentee Duke.

In 1950, Miss Jefford was instructed to hold a pause on "Look, if it please you, on this man condemn'd" while pleading for Angelo's life until the audience could bear it no longer. Mme. Amouroux likewise waits an awfully long time before launching into "Seigneur plein de bonté, s'il vous plaît, cet homme condamné regardez-le comme si mon frère vivait." The plea comes as a complete surprise as Angelo has been played by Bruce Myers as an inflexible, horrid puritan who, in the normal course of events, would not even command the loyalty on his death bed of an over-loving mother.

What is unequivocably fixed is the liaison between Isabella and the starchy righteousness of François Marthouret's Duke, a coupling that makes sense of the Duke's final speech and reaffirms the play as a series of arrangements between various duets. The Duke and Lucio, for instance, are much more than a mere comic double-act, partly because the latter is so marvellously well-played by Maurice Benichou and partly because their scenes together are given rich, ironic force in the playing. Andreas Katsulas makes of Pompey an interesting extension of his *Ubu Enchaîné*, taking to his enforced role of hangman's apprentice with undisguised relish very nearly vented upon a helpless rodent.

The evening is continuously interesting but never very exciting and I was not convinced at any stage of it of Mr. Brook's pressing need to direct the play. There is an impressively sultry Mariana from Mireille Maalouf and a momentarily endearing Mistress Overdone (Madame Bienfaicye) from Lydia Ewandé, but no sense whatsoever of these characters participating in a society torn apart by the sudden incursion of Angelo's legalised peevishness. I feel that Mr. Brook has possibly reached a final stage in his "pure theatre experiment" and should return immediately to the real world and what a difficult play such as this might have to offer by way of comment or diagnosis.

François Marthouret, Bruce Myers and Mireille Maalouf

Warehouse

Look Out . . . Here Comes Trouble!

by B. A. YOUNG

"Trouble" in this context means the doctor in charge of the ward. He is little trouble in practice; all he ever prescribes for the mentally disturbed patients under his care is Valium or a talk with the social worker. Sometimes they get better, sometimes they get worse, but Mary O'Malley does not presume to tell us why. The girl and the old man weeping together at the end, while a "social" progresses rowdily offstage, are no more than a symbol and a plea for sympathy.

Sympathy is easily engendered for this collection of unhappy folk, who have no very clear idea what is wrong with them. Because they are so miscellaneous, it's not possible to slap the table and say "If this or that were done, such suffering could be ended." Janet, about whom the play revolves, is simply a normal girl, able to hold down a typist's job at Scotland Yard, anxious to get married and have children, but so short of drive that she cannot make up her mind to do anything. Jane Carr's pathetically vacant face in the part is almost tragic.

Others are driven mad, if such mild disorders can claim the word, by external circumstances. Fast-living Sylvia (a searing performance by Gaye Brown) believes that one word from a doctor will get her a better flat, but as her demands remain unrealised they get more and more outrageous. Plump old Olive (Maxine Audley), dressed 20 years too young, seems only to want rest. Bright young George, sharply caught by Nigel Terry, has sacrificed all his reasoning power to astrology, with which he makes some splendid play. Dennis (Edwin Richfield) has been driven to attempt suicide by wife trouble, Wally (Brian Hayes) to drink by mother trouble. What can Dr. Wilson, smooth, sympathetic and helpless, do but make sure they are comfortable?

Leonard Burt

Edwin Richfield, Jane Carr and Brian Hayes

Miss O'Malley does not offer us much beyond a colourful documentary view of the ward in action, relapsing sometimes into catatonia, exploding sometimes into violence, generating now and then a macabre humour. The doctor (Nicholas le Prevost) cheering the patients up at the social by swopping mad jokes with them ("I was invited to a conference on schizophrenia, but I'm in two minds about going") is at once very funny and desperately sad. This might indeed be a verdict on the play as a whole.

It is ably acted under John Caird's direction, and the composite set is designed by Sue Plummer.

Leeds and Glasgow

Two Didos

by RONALD CRICHTON

The second half of last week brought a shower of short operas on the Northern part of these islands. The dispensers were English National Opera North, at Leeds on Thursday; and Scottish Opera, at Glasgow on Saturday. Since double and triple bills are believed to be box office poison, it is nice to report that both the Grand Theatre at Leeds and the Theatre Royal at Glasgow were full—true that the Leeds occasion marked the second appearance of the new company, this time in the presence of the Prince of Wales, while the Glasgow cast included Janet Baker. So high attendances may not really signify the mending of ways or sudden enthusiasm for our national treasure, Purcell's *Dido and Aeneas*, included in both programmes.

The Leeds *Dido*, sparely and ingeniously devised by Ian Watt-Smith in abstract designs by Alexander McPherson, sped almost too swiftly and inevitably towards the tragic climax. Purcell's concision needs no underlining: his miraculous variety includes mellowness and thoughtful melancholy, yet few of the performers caught these fleeting moments. Except for Ian Caddy's exemplary Aeneas the singing was efficient but thin, and that must stand for Ann Murray's intelligent but distant Dido. The small group of dancers was cleverly used by Terry Gilbert (one of the few choreographers who seem to take opera work seriously) to bind the action together, but it fas too closely bound—one needed a comma at least at the end of scenes. Graham Large's lighting did much but still not enough to relieve the atmosphere of superior gloom.

Puritan approval received a rule and no doubt intentional jolt from the companion piece. Poulenc's *Les Mamelles de Tirésias*, given in an apparently anonymous but extremely deft translation of Apollinaire's text, succeeded beyond expectation in righting the balance. In all departments the company found the right, light touch. The English Northern Philharmonia (terrible name) under the evening's conductor, Clive Timms, brought further confirmation of their quality. Clumsily played, Poulenc's score goes sticky. Much the same could be said of the stage action. John Copley's talent for inventing comic business (excluding what he did in the promising sketch for this production seen not long ago in London at the RAM) has seldom been employed to such advantage. Robin Don's set and (especially) costumes completed this bouquet of pleasure.

The company's comic wing was most capably led by Stuart Harling and Joy Roberts—he as the Husband who becomes a philoprogenitive mother, she as the Wife-husband Thérèse-Tirésias, the soaring of whose balloon-breasts into the aether is the story's point of departure. Mr. Harling, in particular, showed perfect comic timing and a voice not robust but uncommonly musical. Martin McEvoy as the Gendarme, Keith Mills as a Reporter from Paris, Ian Caddy as the Theatre Director who delivers the Prologue (almost a Pouleacian solo cantata) must be mentioned. The chorus (trainer John Pryce-Jones) sang Purcell and Poulenc as excellently as they had sung Saint-Saëns the night before. Another welcome feature of the two evenings was the high standard of stage-management in all three shows.

Scottish Opera's *Dido*, a co-production with the Aix-en-Provence Festival and already described here, was as different from the other as cheese from chalk. Janet Baker's Dido is incomparable in richness and poignancy, the master hand of Charles Mackerras in the orchestra pit ensured that there were slight but appreciable pauses between scenes. Otherwise John Copley's production was indulgent where the Leeds one was austere—masque-like splendours cluttered with elaborate, hotly coloured costumes by the gifted but sometimes misguided Stefanos Lazaridis. What a pudding to send to France!

The event of this programme was Holst's *Savitri*, admirably produced, designed and lit by Graham Vick, Russell Craig and Victor Lockwood, who seem to have worked in unusually close collaboration. To their names must be added that of Mackerras, for the technical excellence of the performance, including the unseen but important women's chorus, and for the light he threw on the music. *Savitri*, he demonstrated, is not all "simplicity and economy." Nor, with respect to Holst's daughter Imogen, had the composer at last "freed his thought from the influence of other music."

There are traces of Wagner still in the remarkable scene for Savitri and Death. The smallness of the orchestra does not prevent a warmly luxuriant texture suddenly reminiscent of Chausson, of all people, and of Dame Janet's recording of his *Chanson perpétuelle*—a work Holst possibly never knew. But *Savitri* does undoubtedly show that he was now in full control of his own idiom, eclecticisms and all. To the Sanskrit story of the devoted wife who outwits Death and wins her woodcutter husband back to life, Dame Janet brings total mastery with the additional blessing of spontaneity. John Shirley-Quirk as Death and Philip Langridge as the Husband are worthy of her. A definitive performance.

The third work, Edward Harper's *Fanny Robin*, is an effective but insubstantial act of music theatre derived from Hardy. Mr. Harper uses today's musical styles with skill and economy, but little remains behind. The references to Dido's Lament in the last scene appeared (in this programme especially) as an impertinence. The team of Vick, Craig and Lockwood, with less to work on, were less successful than in *Savitri*. The church scene came off, the mummerset-round-the-brazier episode seemed patronising. Jane Manning, fighting a heavy cold, contrived to win sympathy for the foolish heroine while making it clear why handsome Sergeant Troy preferred another. The composer conducted. Throughout the evening the Scottish Chamber Orchestra produced playing of a standard not always heard recently at Glasgow Opera evenings.

Janet Baker as Dido

Festival Hall

Beethoven evening

The Symphonica of London is different. It looks different: director Wyn Morris surrounds his orchestra with strings, stretching a mammoth line of double basses along the back of the platform (ten of them, even in the *Egmont Overture*, Heaven preserve it). Its personnel is different: at least, the members are not the same as those of any one of the London orchestras but include several illustrious names from every orchestra which isn't working that night. Its purpose is different: it is a business venture, which records first and makes occasional public appearances afterwards—as a note in the programme, "The concept of Symphonica," put it: "Symphonica Music Ltd. is a production company concerned with the recording and promotion of a symphony orchestra. . . ."

And it sounds different. Wyn Morris takes a titanic view of Beethoven, and his highly professional group of players reflects this faithfully. Friday night's performance of the *Eroica* was massive, sprawling, often momentarily impressive but on the whole wearyingly overstated. There was individual playing of the utmost distinction from the wind principals (with one exception) and a rich, deep string sound—noticable because it reached right to the back desks of each section. The archetypal articulation of the orchestra was the repeated *martellato* down-bow on the violins, digging deep into the strings: Mr. Morris contrived to include it in all three works in the programme. This sort of attack, though magnificently sonorous, tends to tire the ear, and in the *Eroica* an interest in such passing effects quite removed the tension and restraint and sense of logic which a developing symphonic argument (even one as massive as the *Eroica's* demands.

The evening's concerto was the C major for piano, given the strangest and most erratic of performances by that formidably intelligent pianist Charles Rosen. Beethoven himself provides some excuse for inconsistency, in the almost self-parodying first movement cadenza (which he added years later). Charles Rosen made this the centrepiece of his performance, reducing the opening discussion to the level of a children's playtime and then launching into the cadenza with all the portentiousness of a thunderbolt delivered by an unexpected *deus ex machina*. The last movement started vividly and excitingly, but by the time the lilting second subject came round, Mr. Rosen was sounding like an over-wound musical box, unable to stop the frenetic rush of the music. The performance had a certain manic wit.

NICHOLAS KENYON

Wigmore Hall

Early Music Network

by NICHOLAS KENYON

On Thursday night the Early Music Network launched the fourth of its nationwide tours with a Wigmore Hall concert by the London Pro Musica. This new series, unlike the new well-established Contemporary Music Network, is not organised by the Arts Council (though the Council supports the venture financially) but by the Early Music Centre. And it has sprung from a genuine demand on the part of the regions—particularly of the Regional Arts Associations—for a co-ordinated sequence of early music groups to tour the country. Already in the past month and a-half, three groups have given 27 concerts: six other groups of the first rank will follow during the rest of the season.

The London Pro Musica's tour can be recommended to anyone within reach of Nottingham, York, Sheffield, Dundee, St. Andrews, Peterborough or Keele within the next fortnight. This group's undemonstratively musical exposition of renaissance ensemble music is among the most sensitive on offer in this country, and on Thursday it sounded on excellent form.

The director, Bernard Thomas, succeeded in blending the woody sound of his flutes and recorders to perfection with the accomplished viol playing of Philip Thorby and William Hunt; and the three turned with equal ease to recorders or crumhorns for the livelier consort numbers. The lutenist Christopher Wilson played three pieces by Milano with more panache and rhythmic firmness than I have heard before from him, and included three of the remarkable fantasias by Albert de Rippe (whose music is also featured on a recent Telefunken disc).

The instrumentalists were joined by the counter-tenor Kevin Smith, more relaxed of voice than sometimes, transparently clear in texture but occasionally sliding below the note in the search for a warm, expressive timbre.

Much of the programme was familiar from previous Pro Musica concerts, which made for confidence in performance. But I hope that not all Early Music Network groups will be content with their existing repertoire. The Arts Council has volunteered to meet the costs of new research and editing, an important step forward. Great though the temptation must be to take well-tried music to the regions, the chance of expanding the scope of early music should not be missed. The most enterprising of this season's tours is that of a staged version of a madrigal-comedy by Banchieri. That is presented by the Madrigal Players and begins its tour in St. John's, Smith Square, on November 29.

Leslie Norris wins David Higham Prize

Leslie Norris has been awarded the 1978 David Higham Prize for Fiction for his book of short stories *Sliding* (J. M. Dent, April 1978) £3.95. He is well known for his poetry, having had seven books published; and his short stories have appeared in anthologies representative of Welsh writing.

The prize, which is administered by the National Book League, aims to reward a work of quality and give encouragement and prestige to the winning author.

FINANCIAL TIMES
BRACKEN HOUSE, CANNON STREET, LONDON EC4P 4BY
Telegrams: Finantimo, London PS4. Telex: 886341/2, 883897
Telephone: 01-248 8000

Monday November 20 1978

A search for standards

THE CONSULTATIVE paper Setting Accounting Standards, which was published by the Accounting Standards Committee in September, is potentially the most important document ever released by the UK accountancy profession. It is so because it goes right to the heart of the accounting system, and deals with the objectives of financial statements and the framework of standards within which company accounts should be organised. As such it provides shareholders, investors and all other users of company accounts with the opportunity to secure much greater influence over the way in which the company accounting system is to be run in the future.

"Public cases"

It is nine years since the accountancy profession took upon itself the task of developing standards "to narrow the areas of difference and variety in accounting practice." It did so then largely in response to outside pressure following a series of "public cases." During the period much useful progress has been made.

Nevertheless, in recent years it has become increasingly evident that the present standard-setting procedures are subject to severe limitations. Most important is the absence of any mechanism for enforcing standards, apart from the qualified audit report. This means that the ASC is generally under pressure from both auditors and finance directors only to produce standards which are "generally accepted" in industry. The result has been much greater flexibility in some areas than would have been justified in the interests of comparability. Examples include the revision of the R and D standard to permit capitalisation of development expenditure, the exemption of property companies from the depreciation standard, the change of heart on deferred tax, and a failure to come up with one method for currency translation at a time of unprecedented fluctuations in exchange rates.

A possible vehicle for standards enforcement would appear to be the Stock Exchange. After all, the need for such rules arises primarily from the demands of shareholders and investors for reasonably comparable, and more useful, information. A comparison can be made with the position in the United States where the Securities and Exchange Commission generally refuses to accept accounts for registration if they do not conform to accounting standards. There is no real enforcement problem in this legally-based system. The Stock Exchange lacks the will, the status and the power to do this job. The only viable possibility, therefore, is the new Council for the Securities Industry.

But there are other aspects of ASC's activities which also need reform. It seems indefensible, for example, that an organisation created primarily to serve the needs of accounts users should have only one user among its 23 members. In contrast, industry and commerce representatives number eight, while 10 members are practising accountants. A better balance would be given if the preparers, users and auditors of accounts had an equal say in decision-making. Regrettably, though the Watts report discusses this possibility, it concludes broadly in favour of the status quo.

State industries

One of the first tasks of the reconstituted standards group should be to decide what accounting convention it is seeking to standardise. The present intention seems to be to proceed from a historical cost starting point, gradually working towards current costs. But the flexibility this permits, and the confusion it can cause unless rules are firmly laid down and adhered to, has been well demonstrated by the recent accounts of the nationalised industries. Many auditors argue that standardisation of accounting can only militate against the true and fair view which all accounts are required to give.

But the objective must be to narrow down the alternative accounting methods available to companies. The present position is too much like a great area of "safe harbour" for the protection of auditors.

Trade challenge for the EEC

THIS WEEK the Nine EEC countries are due to take some fateful decisions that could seriously affect the growth of world trade in the coming decade. As the five-year-long Tokyo round of international trade talks enters its final phase, the ball is firmly in the Community's court. At their Council meeting in Brussels on Tuesday and Wednesday, the Nine Foreign Ministers must either agree to press rapidly ahead with the round's conclusion or risk failure by postponing substantive negotiations until the New Year. The rest of the world's major trading nations, most importantly the U.S. and Japan, are now ready to settle as many as possible of the main outstanding issues by Christmas.

U.S. Congress

If this is to happen, the Nine must modify the position they took at their Luxemburg council last month when they told the U.S. that they were not prepared to conclude a final political package deal under threat of a trade war. The reason for the Community's agitated message to Washington, which many now feel to have been over-excited, was the U.S. Congress' failure to extend an important piece of American trade legislation beyond January 3. The legislation waives a legal obligation on the Administration to impose countervailing duties on subsidised imports. So, from January 4, the Administration is legally obliged to impose duties on up to $700m of imports, about half of which come from the Community.

At last week's meeting of senior negotiators in Geneva, the U.S. gave the European Commission firm assurances that there would be no disruption of trade in the New Year. Mr. Robert Strauss, U.S. special trade negotiator, said that a way would be found to prevent the duties' collection and pledged that the Administration would table a Bill expanding the waiver as soon as the new Congress convened in mid-January. He did not insist that the Community put its signature to a final deal before it had a chance to see whether these assurances were fulfilled. The Commission, for its part, said the assurances were good enough for it to make a positive recommendation to Ministers and urge a rapid conclusion to the negotiations.

Protectionism

The sensible course is for the Council to accept the Commission' recommendations. The main outlines of a deal could then be worked out before Christmas, for approval by the Community at a council meeting in the New Year. It would be of immense help to the U.S. Administration in its efforts to solve the waiver problem, and secure subsequent ratification of the entire package, if it already had a major negotiating success under its belt by early January. If not, there is a danger that the new Congress will make difficulties over the waiver, and quite possibly hang a cluster of protectionist amendments on to the Bill calling for its extension. That, in turn could encourage protectionist forces in Europe. A number of Community governments, in particular the French, have in any case long had serious doubts about the desirability of a major new trade liberalisation agreement in current economic circumstances.

Time is running short. The legislation enabling the U.S. to conclude the Tokyo round has little more than a year to run, and the final detailed package must be with Congress by the spring if it is to stand a chance of ratification. Even if the main package is agreed by Christmas there will still be plenty of loose ends to be tied up in the New Year. Most importantly, the expected trilateral deal between the U.S., the EEC and Japan will still have to be sold to the world's other industrialised countries, as well as the developing nations, who are already complaining that there is nothing for them in the Tokyo round.

Too much is at stake for the talks to be allowed to fail at this late hour. If the Tokyo round breaks down, there probably will not be another chance for a similar negotiation for years. Special interest groups all round the world will draw the conclusion that governments are not wholly determined to stand firm against protectionism. It can only be hoped that the Nine Foreign Ministers will give serious thought to the implications of whatever decisions they choose to take his week.

Opportunities and dangers in the China trade

BY COLINA MacDOUGALL

WHEN CHAIRMAN Hua Kuo-feng announced last March that China was embarking on modernisation with a plan to double coal and steel production by 1985 and a schedule of 120 huge new projects, the reaction among hardened China-watchers was surprise and incredulity. Nine months and many contracts later, Peking's broad strategy for reaching the target is much clearer. Whether it will be achieved within this tight schedule remains to be seen (and of course political upsets could cause a reverse), but a convincing start has been made on ways and means.

The backbone of the new industry is to be imported plant, a fact which even as recently as the spring would have seemed inconceivable. Western understanding of the true intentions of the post-Mao leadership has come a long way since then. Foreign technology and equipment will play a vital role in every sector, not simply providing the essentials but in many cases everything but the infrastructure.

Chairman Hua said China would develop or build ten iron and steel complexes, nine non-ferrous metal complexes, eight coal mines, ten oil and gas fields, 30 power stations, six new trunk railways and five key harbours. It now looks as if almost all the technology for this programme will come from abroad, and much is already under discussion. One can so far only guess about the foreign exchange cost: the total investment (presumably domestic and foreign), Li Hsien-nien, a vice-Premier recently told a Japanese group, would be $600bn. Foreign exchange will account for a sizeable share of that.

This import programme means that Peking will be faced with a vast quantity of machinery, all requiring transport and installation. Credit repayments, even if spread over a number of years, are likely to fall due within the same period. There will be problems of shortage within China of technical and management skills, and an abrupt cultural shock for the average Chinese who will be faced with a vast and sudden influx of foreign equipment, foreign technology, and even of foreign tourists.

If the Chinese put the jigsaw together correctly, the timing problems of transport and payment may be smoothed out. This is a very big if, however, since their own past experience (in 1974 when ports were jammed and hard currency short) proved how difficult it is.

The cultural shock, coming after years of indoctrination on the importance of "self-reliance" may be more intractable. Furthermore, the motive power for this huge programme seems to come from one man, the 75-year-old Teng Hsiao-ping. While the contracts that go through now will probably be successfully fulfilled, inevitably a big question mark still hangs over the long-term future of Chinese plans and policy.

However, so far, so good. Trade is already increasing by leaps and bounds, even though little capital equipment has yet shown up in the figures. The CIA's National Foreign Assessment Centre estimates China's total trade in 1978 at $19.5bn, $4.3bn above last year. The reliable Washington-based China Business Review, taking an even brighter view, calculates that China's imports may exceed $10bn while exports might rise above $11.2bn.

When the plants the Chinese are currently negotiating start deliveries, trade will rocket. According to China Business Review figures, China is already discussing $40bn-$43bn worth of equipment for installation over the next five years. This breaks down as follows: iron and steel $21bn; petroleum equipment $3.5bn; coal $4bn; ports $5bn; hotels $2bn-$3bn; power $2bn; fisheries $2bn; aircraft $1bn. To help pay for this, the CBR reports that analysts in Hongkong believe that exports could easily increase by 20 per cent a year, at least for the next five years. At that rate, China's export earnings alone for those years would total about $90bn. Add in tourism profits and remittances from overseas Chinese and the figure looks very healthy even when the cost of China's imports other than plant is knocked off.

Oil sales will presumably account for some of this income. Under Japan's long term trade agreement oil exports are destined to rise to 15m tons a year by 1982 and 30m by 1984-1985 (about $1.4bn and $2.8bn respectively at today's prices).

As Hua said, China plans to develop 10 more oilfields as large as Taching (which currently produces 30m tonnes a year). Information on new fields is scanty but the Chinese have found oil offshore in the Pearl River delta and have new onshore fields in south China. However, a substantial increase almost certainly needs foreign participation, the full extent of which is not yet clear.

Steel and coal have already gone some way towards realising Chinese plans. Hua announced last March that China would double output of steel and coal, at present thought to be 30m and 500m tons respectively, within eight years. This is a mammoth task, and it is now pretty clear that Peking plans to do it with massive foreign inputs.

The Chinese have let it be known that they plan two new large steel complexes and the massive expansion of four more. One of the new ones, Paoshan near Shanghai (expected capacity 6m tons annually) has been allotted to the Japanese at a cost of $2bn. Although final details of the contract remain to be concluded, the Chinese are already building the site.

The second, in Hopei province, may go to the West Germans who have been invited to tender. Capacity will be 8m tons, and the reported final price about $14bn. Of the four due for expansion, Anshan is to double output to 12m tons, and the other three to come up to 6m from 1m-3m. This would give the Chinese 44m tons out of the planned 60m; the remainder could come from growth at three existing large plants, Wuhan, Paotow, and Maanshan. Whether all this work can be completed by 1985 is a moot point, but at least the scheme is beginning to take shape.

In another important respect the steel industry will be foreign-supported. The Chinese are buying iron ore from Australia and Brazil. They have also signed a deal with a U.S. company, Kaiser Engineers, for the design of two iron mines. During a recent metals mission to the U.S., the Chinese side asked for proposals for six iron mines, each of which, according to the CBR, could be worth $1bn, including $250m for equipment alone.

Coal production, for which there is an even more ambitious target (doubling last year's 500m ton output by 1985 and tripling it by AD2000) will be proportionately less assisted from abroad, but the foreign contribution in absolute terms is still expected to be very large. West Germany has already signed a protocol for the supply of equipment for five shaft mines, two opencast mines, and a production line for mining machinery worth about $4bn. Britain has sold over $200m worth of mining machinery and expects to sell more, and the U.S. has become a serious potential supplier. Two U.S. firms are competing with Japan and West Germany to build coal-processing plants.

Chairman Hua's proposed nine non-ferrous metal complexes have been given a huge start by the deal announced on November 14 for the supply of 22 non-ferrous plants by a Frankfurt concern Metallgesellschaft and its subsidiary, Lurgi. The details remain to be negotiated but it is expected to be worth well over $1bn and to involve exploring, developing and marketing ores and metals abroad.

In addition China has bought a new copper-smelting process from Australia. It is also considering an aluminium plant and copper smelters from Japan and Finland. In view of its industrialisation plans, China's aluminium needs are expected to rise by about 10 per cent a year. In other non-ferrous metals it has a surplus for which there is an excellent market abroad.

So far the power industry has lagged behind others. Hua listed 30 power stations among the projects for the plan, but only three appear so far to have been the subject of positive enquiry (in Japan). However the Chinese have shown great interest in looking at the power industry both in Britain and elsewhere and there seems little doubt that they will buy in due course.

Chairman Hua has listed five key harbours among his 120 projects. Of these three already appear to have been contracted out, two to the Danish East Asiatic Company, which has agreed to modernise Shanghai and Tientsin as container ports. Others may follow. A letter of intent has been signed with Dutch companies for the construction of a $1bn harbour at Lienyungkang, about 700 km north of Shanghai. A further much more expensive scheme for a deep channel at the mouth of the Yangtse to get shipping up to the new Japanese-built steel plant at Paoshan is being studied with the Dutch.

The Chinese will build their own railway lines, and with their increased steel production and imports they should have no problem with the basic materials. What they do seem to want is new locomotives and possibly electronic traffic handling gear. They are said to want 200 locomotives in the 3,000-4,000 h.p. range at a cost of about $200m. Alsthom Atlantique, the French company, and Henschel in Germany, are interested in supplying them.

Thus China's current shopping spree is closely related to the initiation of plan projects. The Chinese presumably want to get these off the ground as soon as possible, so it is likely they will tick the rest off their list as quickly as they can. That means that when they have placed all the contracts they need (which will presumably be over the next six months, or perhaps 12) there may be a sharp downturn in orders.

For the next few years they are likely to be deeply preoccupied with questions of payments, transport and installation. Assuming that there are no big political changes, it seems probable that these will be the main domestic issues for the early 80s.

THE CHINESE ON A SHOPPING SPREE

PLANT	SUPPLIER	VALUE OR SIZE	STAGE REACHED
	DEALS CONCLUDED OR NEAR CONCLUSION		
Equipment for six shaft and two opencast mines	W. German consortium including Krupp, Orenstein and Koppel	$4bn	Protocol 10/78
Five petrochemical plants	Uhde (W. Germany)	various	Contract
Two oxo-alcohol plants	Davy Powergas (UK)	$72m	Contract 8/78
Natural gas processing equipment	Kuroda Chemical Construction with Mitsui (Japan)	$26m	Contract 11/77
Synthetic leather plant	Kuraray (Japan)	$37m	Contract 5/78
Two ethylene plants	Nihon Kiyatsuyu and Marubeni (Japan)	$132m	Contract 7/78
TV equipment plants	Hitachi, Toshiba and Asahi Glass (Japan)	$275m	Contract 7/78
Integrated steel plant	Nippon Steel et al. (Japan)	$2bn	Decision spring '79
Two iron mines	Kaiser Engineers (U.S.)	n.a.	Contract 9/78
	UNDER TENDER		
Methanol plant	Davy Powergas (UK)	100,000 tons	—
Seamless pipe plant	Sumitomo Metal (Japan)	$529m	—
	AT ENQUIRY STAGE		
Power stations	Hitachi, Mitsubishi, Toshiba (Japan), GIE, SAE (Italy)	—	—
Petrochemical plant	Maruzen Oil/Toray, Toyobo, Kanebo (Japan)	—	—
Fertiliser plant	Humphreys and Glasgow (UK), Toyo Engineering (Japan)	—	—
Agricultural machinery plant	Fiat (Italy)	—	—
Truck building plant	Isuzu, Hino, Mitsubishi (Japan)	—	—
Cement plant	Kawasaki - Ishikawajima - Harima, Onoda, Nippon Cement et al. (Japan)	—	—
Oil refinery	JGC (Japan)	$1.1bn	—
Copper refinery	Sumitomo Metal, Furukawa Mining, Nihon Mining (Japan)	$159m	—
Polyester fibre plant	Toray (Japan)	60,000 tons	—
Coal slurry pipe	Snam Progetti (Italy)	—	—
Automatic welding plant	Hitachi Zosen (Japan)	$212m	—
Aluminium refinery	Nippon Light Metals, Showa Light Metals, Sumitomo Aluminium (Japan)	$265m	—
Integrated steel works	Schloeman-Siemag and W. German consortium	$14bn	—
Steel plant modernisation	Nippon Steel et al. (Japan)	—	—
Six iron mines	Various U.S. companies	$6bn est.	—

MEN AND MATTERS

Crofton's Games and the docks

Relieved in May of his post as chairman of the Greater London Council committee to root out waste and extravagance, Sir Malby Crofton is now travelling around to determine whether the GLC should embark on its most costly project ever, that of housing the 1988 Olympics, possibly in the Docklands.

He tells me it is still early days to forecast how much that might cost but admits that the "marvellous complex" in Montreal had led to a net loss of over $800m. Crofton is in fact just back from Montreal, having travelled there to see what went wrong. He argues that the factors seem to have been once-and-for-all rather than endemic in the staging of the Games: "My preliminary conclusion was that special circumstances were responsible for the loss."

Crofton, who is mayor of Kensington and Chelsea, hopes that his feasibility study will be completed next year, allowing the GLC to decide whether to apply for the Games. Asked how the Labour councillors in the GLC feel he replies: "It doesn't involve politics at this stage and I hope it never will." He sets out to ensure that the Olympics will not be a burden on the rate payers and that there will be adequate facilities and rooms for the visitors expected. All this is arguably something of a change from a man who in June 1977 was calling for quotas on foreign visitors to reduce the pressure on London's attractions. The idea is criticised by members of the Labour Councils which house the Docklands which Crofton considers "might be a very good site, though we are not looking at them exclusively." Clifford Potter, vice-chairman of the Southwark Planning Committee, tells me: "It does not seem to be a very serious proposition." Apart from mentioning the hotel accommodation which would have to be built he tells me that the Docklands Joint Committee, which groups the GLC and the different boroughs involved, has never considered such a project. He also says that he is not sure where the Games could be staged since plans for developing the docklands are already being implemented.

Rough on Sam

It is going to be a rough week for the Attorney General. Christopher Price, the Labour MP for Lewisham, West, has announced that a parliamentary campaign is to start to oblige Sam Silkin to explain why he allowed the Official Secrets Trial to go ahead and, in particular, the three defendants to be charged under Section One. This specifically covers espionage and the recent Old Bailey trial was intriguing in that it was apparently the first time the Attorney General himself has not led a Section One prosecution.

The feeling within the Cabinet is also reported to be strongly critical of Silkin, but I have one piece of reassuring news for him. His own constituency seems to be standing beside him—at least for the time being. The Dulwich area has returned Silkin since 1964. He had previously been a councillor and his father was a former local Labour dignitary. The Young Socialists have been considering refusing to canvass for him and instead working across the border for Price. But one local party man tells me: "We don't pull the rug from under the feet of a man when he is in trouble in parliament."

Forewarning

John Morris, the Secretary of State for Wales, seems to have been just a little caught out last week. He was visited by a delegation from Merthyr Tydfil, home of the threatened Triang Pedigree factory and asked to reverse his decision to end government support for Triang. Its closure could lead to the loss of 380 jobs.

After some bruising discussions Morris solemnly promised to spend the following 24 hours thoroughly examining the matter with his civil servants, notably John Clements, head of the Welsh Office industry department.

The delegation went straight to Paddington to catch the train back home. They were not surprised when Morris announced he was not changing his decision. Travelling with them on the train to Cardiff, no doubt to deal with more pressing business, had been none other than Clements himself.

Manhood 1979

"How little I had," the Man Who Has Everything should be saying come January. The gifts on the market for the MWHE are a choice lot and one product which may be nestling against his (by definition) still-bulging wallet is a first Male Chauvinist Pig diary.

This latest fancy of John Wright, originator of the MCP tie, includes instructions on how to crush feminists—"When accused of being crude, insensitive and selfish respond by being more crude, insensitive and selfish. Never give in." It is also laced with quotations aimed at shoring up the egos of males who need such questionable props as George Farquahar's: "Since a woman must wear chains, I would have the pleasure of hearing 'em rattle a little."

MCP Publications — represented, curiously, by a woman —tells me there has been "no trouble at all" from women. And her own feelings? "MCPs are more interesting and more sympatico than a lot of men I can think of," she said bravely, adding that 60 per cent of MCP sales are to women.

The Equal Opportunities Commission was unimpressed, opining that women were thereby "making a comment on the man involved" and continuing, wryly: "Discussing MCP marketing is not within our duties under the Act."

Don't knows—1

Albania appears to have the problem of dissidents well in hand. The rest of the world may not have noticed, but the tiny republic has just held its elections in which the votes cast for the government's Democratic Front totalled 100 per cent—or nearly so. According to the Belgrade daily Politika, of the 1,436,289 registered voters, only one failed to exercise his democratic right and duty. An Albania watcher tells me this represents a 50 per cent reduction in the figures of non-voters since the last such elections: "I doubt whether the lonely offender will be subjected to prosecution—it was probably the Albanian leader Enver Hoxha. Busy man, Enver."

Observer

FINANCIAL TIMES SURVEY

Monday November 20 1978

هكذا من الأصل

Insurance

For all the pressures of world competition Britain's insurance industry last year maintained a steady recovery from the low points of the early seventies. Particularly satisfactory were the improved returns from overseas business.

Ieeping up is srength

BEric Short

L YEAR was a good year foUK insurance companies wi a continuing strong recoy from the trough of 1974-19 Underwriting losses on we-wide general insurance buess were cut by nearly twoths to £54.1m from £150.5m in76. World-wide premium ie expanded by 6.9 per cent inerling terms, however, so thexpressed as a percentage oremium income the underwing loss in 1977 (excluding mne, aviation and transport bness) was 0.9 per cent gst 2.7 per cent in 1976.

vestment income on general irance funds last year advted by £99m to £730m, resing in a net surplus in 1977 o£875.9m—40 per cent higher th the £481m surplus of 1976. T British Insurance Associa-, when reporting these rets, stated that the improvent in underwriting experice and in investment earnings tributed to the underlying ength of the industry and its ility to undertake an increas volume of business. General insurance funds increased by 16.9 per cent in 1977 to £10.62bn.

Lloyd's also reported a record profit for 1975—the last closed account—of some £135m, an overall profit of 8.5 per cent of premium income. This compared with a profit of £81.6m for the 1974 closed account, 5.3 per cent of premiums.

The major improvement in last year's results came from the fire and accident accounts, where the world-wide underwriting loss was reduced from £100.8m in 1976 to £23.8m in 1977. Experience in the UK, which in 1976 was hit by considerable numbers of subsidence claims and severe winter weather, showed losses down to £8m from £38m. Last year was remarkably free from severe weather and had a lower level of subsidence claims, both coming from a mild wet winter. The results would most likely have been even better but for the effects of the firemen's strike at the end of the year.

Forcing

The continuing problems affecting the household account of underinsurance, subsidence and rising theft claims are now forcing companies to take more positive action. They are increasing premium rates and imposing underinsurance clauses. The effect of this latter action would be the reduction of the amount paid on a claim where there is gross underinsurance.

There was an even more dramatic turn-round in the underwriting experience in the U.S.—the other major operating territory for UK insurance companies. A break-even position was achieved in 1977 after a loss of £44.1m in 1976. This improvement came from two main sources besides more favourable weather. These were the considerable rate increases made in 1976 and 1977 and the corrective action taken in previous years to shed unprofitable business. The Commercial Union Assurance and the Royal Insurance both undertook severe pruning operations in the U.S. Thus premium income in the territory rose only slightly last year.

Results from the rest of the world in 1977 were patchy. There was a general improvement in Canada, but the benefits were diluted by the refunds made under anti-inflation legislation. Results in Australia and South Africa remained satisfactory. But Europe has now become the problem territory. The controls imposed by authorities on rate increases and competition has presented serious problems for underwriters in West Germany, Holland and Belgium. Overall, the fire and accident account for the rest of the world showed a slightly lower loss of £15.8m against £18.9m.

Underwriting losses on worldwide motor business also fell substantially to £28.3m from £45.2m, thanks to a dramatic improvement in the U.S. Here an underwriting profit of £200,000 was achieved in 1977, against a loss in the previous year of £27.6m. As with fire and accident business, this turnround arose from the better weather, the benefit of rate increases and the pruning of unprofitable business.

The situation on the UK motor account showed a complete reversal, with a profit of £400,000 in 1976 turning into a £20m loss in 1977. Much of this arose from a 14 per cent rise in numbers and frequency of claims. Two major factors contributed to this increase—the removal of speed restrictions and greater usage of cars as a result of unchanged petrol prices. The cost of claims—spare parts, labour and car prices—rose by over 15 per cent, outpacing price inflation.

The motor account in the rest of the world saw underwriting losses in 1977 halved to £8.5m from £17.9m despite poor experience in Europe.

Disasters

A series of disasters hit both the marine and aviation market, though the effects will not be known until the accounts are closed at the end of 1979. A total of 1.3m gross shipping tonnage was lost during the year, with 57.5 per cent of the cost of the Venoil-Venpet tanker collision, put at £14m, falling on the London market. There were three serious losses, each in excess of £12m, in the field of oil exploration. Last year saw the worst disaster in aviation history—the ground collision at Tenerife causing 555 deaths. Claims for the aircraft hulls were £35m and the liability claims, still being settled, are likely to exceed this figure. Overall, UK insurance companies transferred £2m last year from profit and loss accounts to the marine and aviation accounts, compared with a £4m transfer in 1976.

The situation so far this year shows that the recovery is continuing for UK insurance companies and that better results can be expected for 1978. At the nine months stage, all three major U.S.-orientated composites—Commercial Union, General Accident and Royal—last week reported better underwriting results in the U.S. and the UK, although conditons had deteriorated in Australia. But the warnings were of a downturn in the U.S. in 1979.

Life and other long-term new business remained static last year, with new annual premiums rising by only 9 per cent. Single premium business was more buoyant, advancing by 25 per cent. Pensions business for group schemes was marking time ahead of the start of the new State pension scheme, but linked business showed a revival. The improvement in real income, this year, together with the start of the State pension scheme in April, has sent life and pensions business soaring in 1978.

The recovery in sterling and the reduction in the rates of inflation has eased many of the operating problems facing the UK insurance industry. But other problems have assumed greater importance. Competition from overseas insurers has become more intense, fuelled by overcapacity in many world insurance centres. Again there are signs that many insurers are prepared to write business at uneconomic rates in order to maintain cash flow, relying on high interest rates to cover the underwriting loss. This resulted in disaster in 1974, but this time the UK companies appear resolved to stay out of a rate cutting war. But UK companies are now being seriously challenged on their own doorstep as overseas insurers expand their UK operations.

On the home front UK insurers face problems regarding the imposition of direction of investments and moves towards industrial democracy. In both cases the feeling is that policyholders will suffer. The authorities are perturbed at the way financial institutions this spring withdrew temporarily from the gilt market. Accusations of a "gilt-edged strike" which had damaged the prospects of a national economic recovery were made at the institutions. The Wilson Committee is probing the conflict that appears to have arisen between national interest and policyholders' interests.

The insurance broking profession continues with its moves towards self-regulation. But nothing is being done to control and organise centrally the direct selling sales staff and methods used in insurance selling The authorities are perturbed at high pressure sales techniques being used, the latest criticism coming from Mr. Gordon Borrie, the director of Fair Trading. More is likely to be heard on this subject of selling insurance to the public.

RESULTS OF BRITISH INSURANCE COMPANIES

(£m.)

	1977	1976	Increase %
WORLDWIDE GENERAL PREMIUMS			
Fire and accident (non-motor)	3,755	3,502	7.2
Motor	2,155	2,024	6.5
Marine, aviation and transport	550	517	6.4
TOTAL	6,460	6,043	6.9

	1977 Profit/ Premium	1977 % of loss	1977 premiums	1976 Premiums	1976 Profit/ loss	1976 % of premiums
WORLDWIDE UNDERWRITING RESULTS						
Fire and accident (non-motor)	3,561	—23.8	—0.7	3,346	—100.8	—3.0
Motor	2,141	—28.3	—1.3	2,015	— 45.2	—2.2
TOTAL	5,702	—52.1	—0.9	5,361	—146.0	—2.7
U.K. UNDERWRITING						
Fire and accident (non-motor)	1,386	— 8.0	—0.6	1,206	— 38.0	—3.1
Motor	871	—20.0	—2.3	744	+ 0.4	+0.1
TOTAL	2,257	—28.0	—1.2	1,950	— 37.6	—1.9
U.S. UNDERWRITING						
Fire and accident (non-motor)	802	0.0	0.0	775	— 44.1	—5.7
Motor	448	+ 0.2	0.0	445	— 27.6	—6.2
TOTAL	1,250	+ 0.2	0.0	1,220	— 71.7	—5.9
REST OF WORLD UNDERWRITING						
Fire and accident (non-motor)	1,373	—15.8	—1.2	1,366	— 18.9	—1.4
Motor	822	— 8.5	—1.0	826	— 17.9	—2.2
TOTAL	2,195	—24.3	—1.1	2,192	— 36.8	—1.7

Qualified acceptance of controls

IN THE PAST few weeks alone, several U.S. insurance industry leaders have made the perhaps rather gleeful point that while the American industry, aided by "enlightened" State politicians and officials, has made a start on freeing itself from excessive public regulation, Britain is now going very much the other way.

In the light of recent insurance law developments on both sides of the Atlantic, it is not surprising that the Americans and other foreign insurance professionals should be contemplating their old love-hate relationship with the London market in these terms. That it is a superficial reading of the current and prospective UK insurance regulatory scene is for the moment irrelevant, given that confidence in London's role as an international market centre may be at stake.

The UK insurance industry and market are still in most respects the least supervised in the developed world. But in the past five years the industry has become subject to an increasing weight of public controls and regulations, mainly but by no means exclusively through the Insurance Companies Act 1974 and the stream of statutory instruments still flowing from it.

Surprisingly for so complex and highly developed a market, the 1974 Act was only the second attempt by Parliament and Government in Britain's almost 300-year history of professional underwriting to regulate all insurers and by implication the industry and market as a whole. Except for amending Acts in 1972 and 1973—the latter largely concerned with group life policies—the only previous all-industry statute was the Insurance Companies Act 1958, of which some provisions still apply.

Before World War II and right back to the start of the Lloyd's market and the chartered companies (the first composites) in the early 1700s, Government, public and the courts have relied in their dealings with the insurance industry on the common law. Acts referring to specific parts of the business (marine, life, employers' liability etc), related economic and social statutes and the Companies Acts.

There is at present little to suggest that whatever Government is in power in the next five or 10 years, the tendency toward more detailed legal control of the market as a whole and the companies which make it will diminish or be reversed.

Political commitments, particularly towards the European Community, worldwide competitive and indeed legal pressures, and steadily rising "consumer" expectations among individual and business policyholders will all combine to keep Parliament's and the Government's fingers quite firmly on the industry's pulse.

While the trend, therefore, is towards more control, there is equally a great deal in the way current UK insurance law revision and supervision are shaping up to suggest that the London market will continue with some ease to avoid becoming so over-burdened with law as to be seriously hampered financially and operationally.

The industry's role as large earner of "invisibles" for Britain will help here. So will its function of providing a high proportion of the technical and management expertise needed to run the UK-based international market.

Bubble

Since the Bubble Act of 1720, which laid the foundations of the major composite companies (and incidentally stimulated the Lloyd's market greatly) and on through the Lloyd's Act of 1871, British underwriters and other insurance professionals have seemed adept at reaching reasoned compromises with governments and civil servants, while securing a high degree of self-regulation to the industry or the branch concerned. The most recent and forceful example of this is the Insurance Brokers' (Registration) Act 1977 which has effectively permitted the broking industry to licence, police and if need be discipline its own members.

It is significant that the Department of Trade Press notices announcing the succession of statutory instruments made under the 1974 Act are frequently annotated. "Agreed after consultation with the insurance industry" or words to that effect. In moves which surprised most market professionals, the industry associations agreed with the Government Codes of Practice for non-life insurance in April, 1977 and for life assurance in May, 1977—both calculated to reduce the need for future public intervention and litigation.

Meanwhile, policyholder protection, particularly in connection with the sale of life policies and the insolvency of life assurance companies, was substantially secured by the Policyholder Protection Act and the establishment of an autonomous statutory Policyholders' Protection Board.

Regulations under the 1974 Act which are in effect or shortly to become so are in many cases designed to extend into English law the aims of those few EEC insurance Directives which have so far been adopted — Reinsurance, Non-life Establishment and Co-insurance. The laborious quest for a final agreed shape for the EEC Non-life Freedom of Services and intimately related Insurance Contracts Law directives, and hence for a genuinely unrestricted European indemnity market by about the mid-1980s, adds a new, and on balance, useful dimension to UK insurance law reform.

UK rules arising from the Directives and the 1974 Act have so far covered such diverse matters as accounts, forms and solvency margins; controllers of, and deposits by, foreign-owned offices in the UK; risk classification (extending the traditional seven UK authorised branches to the Community list of 18); changes of directors or managers; contents of advertisements; asset valuation (but not yet liability assessment); and intermediaries.

But by no means all or even most of the current and prospective regulatory and legal developments exercising UK insurance professionals stem from the 1974 Act or for that matter from British or Community events.

UK underwriters and brokers continue to be highly concerned about a substantial number of domestic and international legal and conventional rules and proposals which are closely insurance-related and, they fear, could lead to the need for more UK law or impose difficult market conditions. These include the current attempts to extend anti-pollution legislation in many countries; health and safety rules; tax laws and agreements; and a whole range of developments touching on policyholders; and thus their insurers' obligations in products, public and professional liability cases. In this connection the proposed reciprocal UK-U.S. Judgments Convention remains a worry, as insurers fear that if adopted it might reinforce any trend there may be in Britain towards the U.S. punitive damages concept.

But the prospect which British insurers and brokers and, they assert, their overseas clients would regard with the utmost alarm and distaste is any form of direct government intervention in the business of insurance; 29 of the 50 U.S. States ban dealings with Government-owned insurance organisations.

The UK insurance nationalisation "threat" in its latest form, as put forward by the Labour Party National Executive in October 1976—to take the seven largest composite and life offices into public ownership—has for the moment been largely buried by political events in Britain, if not by the vehement counter-attacks of the industry itself. It has not been adopted as Labour Government policy and has been described by Prime Minister James Callaghan as an electoral albatross.

But more direct public intervention in insurance remains a live issue, against which the industry has kept up its guard, even in its more recently metamorphosed form of proposals for official direction of insurance companies' investments. Fundamentally, it is the Labour National Executive's assertion that the major insurers and life offices lack "social responsibility" and fail to channel enough investment funds into industry, commerce and the economy generally—a complaint which is being investigated by the Committee on the City Institutions under the chairmanship of Sir Harold Wilson. Predictably the insurance associations, in evidence to the Wilson Committee in June 1977 and again last April, refuted the charge with appropriate statistical detail.

The basic premises on which the insurance companies (not only the life offices) insist is that fundamentally they are trustees for policyholders' funds and therefore their investment managers must remain free to secure the best return for policyholders (and, in the case of proprietary companies, shareholders).

The Wilson Committee is not due to report finally till next year, but on present showing some insurers at least may now be prepared to accept degree of official direction to gilt-edged securities (to minimise repetitions of the insitutional "gilts strike" earlier this year), subject to the creation of a permanent economic consultative machinery between Government and institutions of the kind already enjoyed by the TUC and the CBI.

J. J. Tyor
Editor, FT World Insurance Report

Better returns from overseas

THERE IS a good chance that the composite insurance industry can emerge from 1978 with an overall underwriting profit on its worldwide business. The seven major insurance groups are generally reckoned to have run up a combined underwriting loss of around £125m two years ago which, according to some estimates, they clawed back to a loss of about £35m in 1977. This year the industry could move out of the red altogether thanks to a further dramatic improvement in U.S. results and a substantial recovery in Europe excluding Britain.

Few people are banking on any major turnround in the overall underwriting trend, but it is clear that there is enough momentum in North America to give the industry a sporting chance of moving into a surplus. Assuming a broad average, the major composites write something like 40 per cent of their business in North America. But for some companies U.S. dependence is far higher. Between them the U.S. and Canada accounted for 58 per cent of premium income at the Royal in 1977, while over at the Commercial Union the U.S. contributed 39 per cent of total premiums last year, with Canada chipping in a further 8 per cent.

The past couple of years have seen a tremendous shake-out in the insurance business in the U.S. and as a result profits are now coming through rapidly. Royal's first-half 1978 results showed U.S. underwriting profits of just under £1m, compared with a loss of £6.7m during the opening six months of 1977.

Some very large premium rate increases in recent years are the key to the upturn. Since 1974 motor car premium rates have risen by more than half, with increases in the liability classes extending to more than 100 per cent. As a result, industry operating ratios in the U.S., which had deteriorated to a near-disastrous 108 per cent in 1975, could well have recovered to around 96 per cent this year.

Kindly

On top of the impact of these deliberate if painful moves to restore a healthy price structure within the industry, the underwriting experience in North America has recently been remarkably free of natural disasters. Higher premium rates and stiffer penalty clauses have led to a reduction in claims frequency on economic groups. But at the same time the weather gods have been casting a more kindly eye over America's shores.

The question of just how long this upturn in underwriting profitability will last is one that currently teases analysts of the sector, both in this country and in the U.S. In the past, two or three good years of profits have been regularly followed by a downswing in the underwriting cycle, as good returns have attracted more capital into the industry and competition has prompted rate-cutting. The years 1974 and 1975 saw the trough of the last cycle.

However, the insurance industry argues that next time around the setback will be less severe. The experience of 1974 and 1975 was a harrowing one that the industry is in no hurry to forget. Much capacity was withdrawn, especially from troublesome speciality lines like product liability. The industry remains in a cautious mood, with management determined to avoid disasters by expanding volume too rapidly, and content to accept a slower rate of growth. In addition, the U.S. underwriting industry continues to be restrained by a relatively modest capital base. The theme of the typical chairman's statement in the U.S. still soberly refers to the need for underwriting profits and retained earnings.

The other major influence on UK insurance industry earnings this year is Europe, where underwriting losses of the seven big composite companies topped £40 in total during 1977, according to some estimates. The Guardian Royal Exchange probably has the biggest commitment to the Continent, with Commercial Union not far behind in terms of premium income. Groups like the Royal and General Accident have relatively modest toeholds, both of them taking substantially less than a tenth of total premiums from the area.

But if the physical commitment of the UK industry to the far side of the English Channel is not dominant in the way that North American business is the sort of losses recently incurred in the area mean that any recovery is going to provide a very useful boost to overall profits. In 1977 Europe pushed up its combined underwriting loss to almost 7 per cent of total premium income with the actual figure more than accounting for the world-wide deficit of the UK composites.

A recovery in Europe is therefore of especial importance to the assessment of underwriting results this year and next. There are two main problem areas, Holland and Germany. In Holland companies have had to face a deteriorating claims experience in motors and property. At the same time premiums have been held down by regulators in motor classes and very keen international competition in property.

Behind

But the worst appears to be behind. Domestic property insurance classes were allowed substantial premium rate increases towards the end of last year, while rates in motor classes have moved up by as much as one fifth in 1978. Moreover the bad experience of recent years has led to many insurance companies withdrawing from Holland, so reducing competition.

In West Germany the problems are somewhat similar to those in Holland, with a highly regulated industry finding it difficult to achieve rate increases with anything like the urgency needed. In 1977, losses built up to a level where the industry was heading towards a considerable shake-out; capacity has been withdrawn.

As for the Commonwealth, the Royal has a major stake in Canada (a fifth of its premiums) while Guardian Royal received 10 per cent of premiums from this area in 1977. Australian connections are most noticeable at Sun Alliance, which relied on Australia for 7 per cent of total premiums last year. The Royal and Eagle Star both received 5 per cent of premiums from this area.

In Canada underlying profitability has been improving but the industry has been heavily regulated by the activities of the Canadian Government's Anti-Inflation Board. According to one estimate, underwriting profits for the seven major composite companies in this country were reduced from per cent of premium income to a bare 1 per cent by the end of 1977. The AIB is now being wound down; however, it is scheduled to disappear altogether for the 1979 financial year.

Jeffrey Brown

مكتبة الأصل

INSURANCE III

Slow progress in EEC talks

IT HAS b a difficult and complex yr for Europe's business and monetary institutions nerally. It is perhaps no gr criticism of the insurance cmunity, the EEC itself or ividual European countries tsay that progress towards haonisation of EEC insurance sices has remained slow.

Sluggish onomic growth in Europe of necessity obliged Epean insurers to look outsidhe Community for brighter ppects — either to the U.S., ich accounts for around ha of annual world premium come, or to the developingcuntries where the need for nancial infrastructures growapace.

Nor hahe problems of the dollar, wi their repercussions on leadinEuropean currencies, helped tomulate the search for ways hasten co-operation in insurae. Now, with a European Moary System high on all agen, it is likely that there w be further caution in the urance world — on both sid of the Channel.

This r has not, however, been ely barren of moves towardshe desired end of harmong insurance procedures The UK Law Commissio currently studying a draft duced in Brussels on the important question of insura contract law, and there also a draft directive on freom of services for life and n-life business.

Ovrsee

A gnificant feature of the drafton contract law from the surance industry's viewpoinis that the convention sugsted, which will incidentallrefer to all contractual oblitions and not just to insunce agreements, would prode for contracts not exclsively concerned with EEC nations. Thus it would oversee greements eventually refrrig to courts in the U.S. or Auralia, both of which have ben e scene of considerable insurce business by EEC-baledcompanies.

It ould also be borne in mindhat a convention of the EEC is not mandatory but depends upon ratification by each member State. Ratification by the UK would seem virtually inevitable, of course, although spokesmen for the UK insurance industry have lost no time in putting forward UK practice as the best model for the EEC.

A major question for the convention on contract law lies in the area of choice of national law to be applied on any particular contract. This problem, always significant in the international market in which British insurers are traditionally active, can only become more important as Continental insurers expand into the U.S. and elsewhere. The tightening economic conditions of the past year have already stimulated a rush of co-insurance arrangements between European companies and U.S. groups, and there is little doubt that this trend will grow stronger in the years ahead.

All these and other difficulties mean that the road from a draft convention in Brussels to a firm law accepted throughout the Community will be a long and hard. In practice it will be at least 18 months to two years before such law could come into practical effect, and this time span alone removes much of the urgency from the procedures or energies involved.

In the case of the debate on freedom of services, the discussions are likely to continue for some time.

Even when agreement is finally reached it will, if present EEC traditions are observed, be left to member States to incorporate the agreement into their own national laws over a two-year period. This would postpone the eventual timetable for practical realisation of the services agreement back to about 1982—once again a prospect which hardly stirs those concerned to enthusiasm.

Nevertheless, there seems every likelihood that the UK Law Commission will shortly produce its initial working paper on the Brussels draft on contract law reform. The Law Commission has been considering a number of aspects of British law likely to be involved. The UK insurance industry, represented in this case by British Insurers' European Commission, has been putting forward evidence to the Law Commission and hopes soon to see a rough draft of its proposals—on which it will then have several months time to comment before the Brussels machine begins to grind again.

There can be no doubting the eagerness of UK insurers to enter the potentially lucrative European insurance market, and thus their eagerness to solve the problems involved.

Small

At present, earnings from EEC sources make up only a small part of total earnings of the UK insurance industry—perhaps less than a tenth. The rest comes, of course, chiefly from the U.S. market. And if the EEC insurers would like to lay hold on more of the U.S. market themselves, then there can be no doubt that the UK industry will seek a rapid increase in its European business.

The difference between the UK and Continental attitudes towards insurance are legion, and reflect a genuine difference of business thinking. Continental insurance has tended to be protective and inward-looking. It has been slow to respond to such innovations as the equity-linked insurance package—in part because the cult of the equity does not exist throughout Europe. Nor, it may be said, have some of the wilder unit trust/insurance linked schemes of the 60s left particularly happy memories in Europe.

But the great prizes are in the non-life field and it is here that a significant opportunity was presented to the UK in April this year.

The EEC then agreed to permit co-insurance groupings between countries for the larger risks—such as those increasingly involved in the North Sea or in the development of European air passenger projects. Briefly, the plan is to set up multinational syndicates with a single underwriter leading, rather on the British pattern. It is in precisely this kind of operation that the UK industry feels confident that it will lead the way both in expertise and eventually in profitability. There has been little progress to date so far, but this will probably be the area to watch in 1979.

On individual points of practice, the record of EEC insurance proposals is somewhat erratic. Its proposals to check doorstep selling, a practice generally criticised here as well as on the Continent, came under heavy fire from the UK insurance industry. The debate in the House of Commons provided opportunities for a great deal of castigation of the EEC from all sides of the House, with Mr. Enoch Powell and others taking the opportunity to add their respective strokes.

Mr. John Fraser, Minister of State for Consumer Affairs, rounded off the industry's complaints by saying that in his opinion sales of insurance on the doorstep should be the subject of an entirely separate regime.

The incident itself was not of great importance but, like the squabble earlier in the year over EEC hotel fire regulations, it indicated that "the family of Europe" remains a hope rather than a fact.

The agreement on co-operative insurance syndicates between the various EEC countries could open the door to the solution of the major problem, which has so far resisted all assaults. This is the Continental insistence that insurance companies shall not combine life with non-life business — a practice at the very heart of UK insurance groupings. It is unlikely that this problem will be solved in 1979 but the progress made on other fronts in 1978 could well open the way to harmonisation on this point. That would undoubtedly provide the UK industry with its greatest opportunity to move into the EEC in strength.

Terry Byland

Foreigners seek more of UK market

HVING RECOVERED strongly in977 the composite insurance iustry is looking for better ds. According to some estiates the seven major compoe groups reduced their comed domestic underwriting sses from £29m to little more an £12m in 1977. This ecovery has been held up to e third quarter of this year, ut the outlook on the domestic account remains uncertain.

The first half of this year saw Commercial Union move out of the red in the UK with a modest (£0.6m) underwriting profit. But the company made no secret of the fact that it had taken some of the sting out of the figures by drawing on its extreme weather reserve during the first quarter. General Accident virtually doubled its UK underwriting losses in the six months, while at the Royal—the largest of the big seven UK composites in terms of premium income—halved underwriting losses outside North America must surely include some nasty experience in the UK.

The year could hardly have made a worse start. The weather was the industry's biggest headache, with blizzards followed by severe flooding. The effects of the firemen's strike also spilled over into January. Motor claims soared during the first quarter and property and liability business was depressing. Moreover, this upsurge in claims came at a time when competition within the industry was simply not allowing companies to take corrective action through rate increases.

At the time some observers were remarkably gloomy about the outlook. Stockbrokers Rowe and Pitman saw the experience as the close of an era. Their June review of the industry declared: "We do not expect a return to previous levels of underwriting profit, and the UK seems to us to now be in a position where a marginal profit is the best expectation."

At the core of the problem in the UK lies competition. The market for insurance in this country is very mature and as a result has more or less stopped expanding. Existing business is widely spread among the major domestic insurance companies—in itself enough to ensure that the customer has plenty of scope for shopping around. In recent years, however, many major foreign insurance companies have started to muscle in on this preserve, and initial attacks on the major reinsurance markets in this country appear now to be spilling over into more general underwriting.

Notable

The harder currency countries within Europe have been notable entrants, with companies like Munich Reinsurance and Swiss Reinsurance being joined more recently by insurance groups from France, Italy and Japan. Clearly there is no shortage of fire power overseas. The latest edition of Commerzbank's survey of major companies in Western Europe shows that of the top 20 insurance companies, 14 are to be found outside the UK. Commercial Union and the Royal might head the list but, the Prudential apart, the reader has to wait until number 11 before further mention of a British company.

Moreover, the geographic limitations of the survey necessarily exclude such major forces in the insurance industry in this country as American Reinsurance and Canada Life. Lately, North American insurers have been taking a very close look at the UK market.

It is impossible to pinpoint just what proportion of the UK insurance market is now in the hands of overseas insurers. For obvious reasons the companies themselves are loth to discuss openly their success in penetrating particular markets, while the overall picture is equally clouded by the importance of the international market at Lloyds', where domestic and foreign business is inextricably mixed.

Most insurance industry observers agree none the less that overseas companies' share of the UK market remains very modest, relative both to the proportion of business controlled from this country and to the inroads made into foreign insurance markets by UK insurance companies. But the same observers equally agree that competition from outside the UK is growing. As good a starting point as any for an appraisal of this competition is Switzerland.

The largest insurance company in Switzerland is the Swiss Re, which ranks as number two to the Munich Re in the international reinsurance business in terms of premium income. In addition to numerous subsidiaries and participations on all continents, Swiss Re includes two important West German insurance companies. The group is split very broadly 70-30 between reinsurance business and general underwriting. Something like two-thirds of its operations are within Europe, with North and South America accounting for a further 25 per cent. Fire business would appear to make the largest contribution to overall premium income.

Swiss Re was founded just 15 years before its major competitor in Switzerland, Winterthur, which came into being in 1875. This company has strong links in the UK through its association with the Norwich Union. Winterthur has a 45 per cent shareholding in Norwich-Winterthur Holdings which has UK subsidiaries like Norwich-Winterthur Re, Stronghold Insurance and Parcels and General Insurance. The Swiss company also has a stake in Provident Life Association of London.

In Holland, a company with clear ambitions to expand outside its country of origin is Nationale-Nederlanden. This insurer, the largest in Holland, is formidably represented in this country through such subsidiaries as Orion Insurance and Life Association of Scotland. Swiss Re has a shareholding of a tenth in the company which emerged in present form back in 1963 via the merger of two major Dutch insurance groups.

Income

Nationale-Nederlanden's premium income from outside Holland accounts for more than one-third of total premiums, and the company also employs something like a third of its staff in foreign countries. For the first six months of 1978 the company reported an increase of 15 per cent in net earnings on a rise of roughly an eighth in total revenue to Fls 3bn.

The company is currently the subject of much conjecture within Dutch insurance circles. Discussions are taking place between Nationale-Nederlanden and an American insurance group, Life Insurance Company of Georgia, which may conceivably lead to the Dutch group expanding dramatically its operations in the U.S. A bid, if it emerges, would be a big one by any standards for Nationale-Nederlanden. The U.S. group claims to have already rejected an offer of \$300m in cash which represents something like two-fifths of the present stock market value of the Dutch company.

The major Italian insurance company is the Generali group, which encompasses more than 50 affiliated and associated companies operating in some 40 countries. Generali's base in the UK is in the City of London, where it operates an insurance branch as well as a European marketing office. Since 1974 the company has had a co-operation agreement with General Accident which is aimed at servicing multi-national risks and the exchange of claims' settling facilities.

Jeffrey Brown

Marine and aviation still saddled with over-capacity

PERHAPS IT is of some comfort to shipowners in these particularly difficult days that insurers are also finding the going very hard because of the exceptionally keen worldwide competition for most classes of business.

There is severe over-capacity in virtually all sectors of the market, with the exception of certain off-shore oil risks. Even in that relatively new area there has been a marked expansion in world capacity, and overall capacity for an oil production platform is now in the region of $800m.

The hull account is still the largest section of many marine underwriters' accounts, and unhappily is the one where it is most difficult for underwriters to show a profit. Most hull accounts written in the British market have been producing unprofitable results for 1974, 1975 and 1977. The position for 1976 is rather more favourable, despite reduced premium rates and a certain widening of conditions.

The more favourable situation does not, however, appear to have been brought about by tangible factors such as slow steaming, laying up of older tonnage, a greater choice of crews, or keen competition for business on the part of ship-repairers. It can be attributed mainly to an unusual absence of serious casualties—which is really nothing more than a matter of luck.

While underwriters have benefited from the competition among repair yards it is clear that there will be a significant escalation in repair costs when world trade increases to a level where ships are once again fully employed. If some shiprepairers go out of business before that stage is reached the position could become more serious.

The British insurance market has a wider spread of hull business than any other in the world. Because of local conditions some overseas markets have not experienced the same competition as London.

In the U.S., as in London, many insurers have been refusing to write business at rates which they consider to be uneconomic. That, however, has not prevented the business from being written elsewhere.

It remains to be seen for how long some of the "cut price" operators can stay in business. Not only are such insurers often charging significantly lower rates than those required by the traditional markets: their expense ratios are also higher.

It seems clear that if the situation continues for very much longer some insurers and reinsurers in various parts of the world may not survive. So far, any withdrawals from the market have been of no great general significance and have been more than made good by the increase in capacity from other quarters.

Lloyd's and the traditional companies in the marine market have tried to be selective over the past few years. The aim has been to write business only in respect of the better risk. Certainly, many of the total losses which have been reported in recent months have had relatively low London participation—very different from the position which might have existed some years ago. Equally, the London market's participation in certain fleets has dropped, although in some cases underwriters would have preferred the London order to have remained at the same level.

Cargo

Last summer the London market amended the Institute Classification Clause and also the advisory scale of additional premiums for cargo carried in ships not of the highest standards. This was the market's reaction to the continued use of old and sometimes substandard vessels in the carriage of cargo. The move brought a mixed reaction. While some other insurance markets felt that London had not taken a sufficiently strong line. Greek shipowners in particular felt that this was a case of discrimination against them.

Where London scores in this type of situation is that, having a worldwide portfolio of business, it can see how business is developing and can take steps to correct adverse trends. It has no particular axe to grind and is anxious, so far as possible, that its rating shall be equitable.

In due course it is expected that the burden of liability for damage to cargo while in transit will be shifted. The new international rules, known as the Hamburg Rules, are awaiting ratification. Under the rules a shipowner is liable for the cargo for a longer period, the defences previously allowed to him are reduced, the monetary limits to which he may limit his liability are increased, and the periods for giving notice of claims and for making claims are increased.

Since shipowners will need greater protection, and will have to pay for it, shippers can expect freight charges to increase. Nevertheless a shipper will not be able to dispense with cargo insurance altogether, and cargo insurers do not anticipate a compensating reduction in insurance premiums for shippers.

In the aviation market, despite significant increases in the insured values of aircraft (many Boeing 747s are insured for amounts in excess of $50m) and insured limits of liability, the story is much the same. There is much more capacity than there is business, with the result that premium rates have been pulled down to uneconomic levels, despite the overall increase in safety.

Before 1977 there had been a feeling that one or two serious losses might bring the market to its senses, with a hardening of rates. In March and April 1977, there was the ground collision at Tenerife, with considerable loss of life, and a Southern Airways crash. In London it was felt that a tougher line could be taken. Perhaps the reaction was too marked. The group of underwriters which laid down guidelines may have been too inflexible for the conditions prevailing at the time.

It seems clear that one of the problems within the aviation market has been the extent of reinsurance capacity which has been available. Recently one leading aviation underwriter at Lloyd's pointed out that, in view of the low level of premium rates, many direct insurers—rather than refusing to underwrite, renew or even reduce their lines on risks—had continued to maintain the same line and reduced their net and automatic reinsurance exposure by laying off substantial facultative reinsurance, while making at the same time some very useful overriding commission.

There were also insurers on business which they felt was adequately rated who were topping up their direct lines and laying off the balance facultatively. It was suggested that underwriters practising the placing of facultative reinsurance frequently were fast becoming brokers rather than underwriters.

In theory, profit commission and good experience returns for operators encourage an assured and provide a reward for good results. In view, however, of the competitive situation, the size and frequency of such incentives has been increasing. Underwriters are also disturbed that there is not always an incentive for the profit commission or good experience return to be earned, since often they can be insured for a relatively low premium—thus guaranteeing that they will be paid whether they have been "earned" or not.

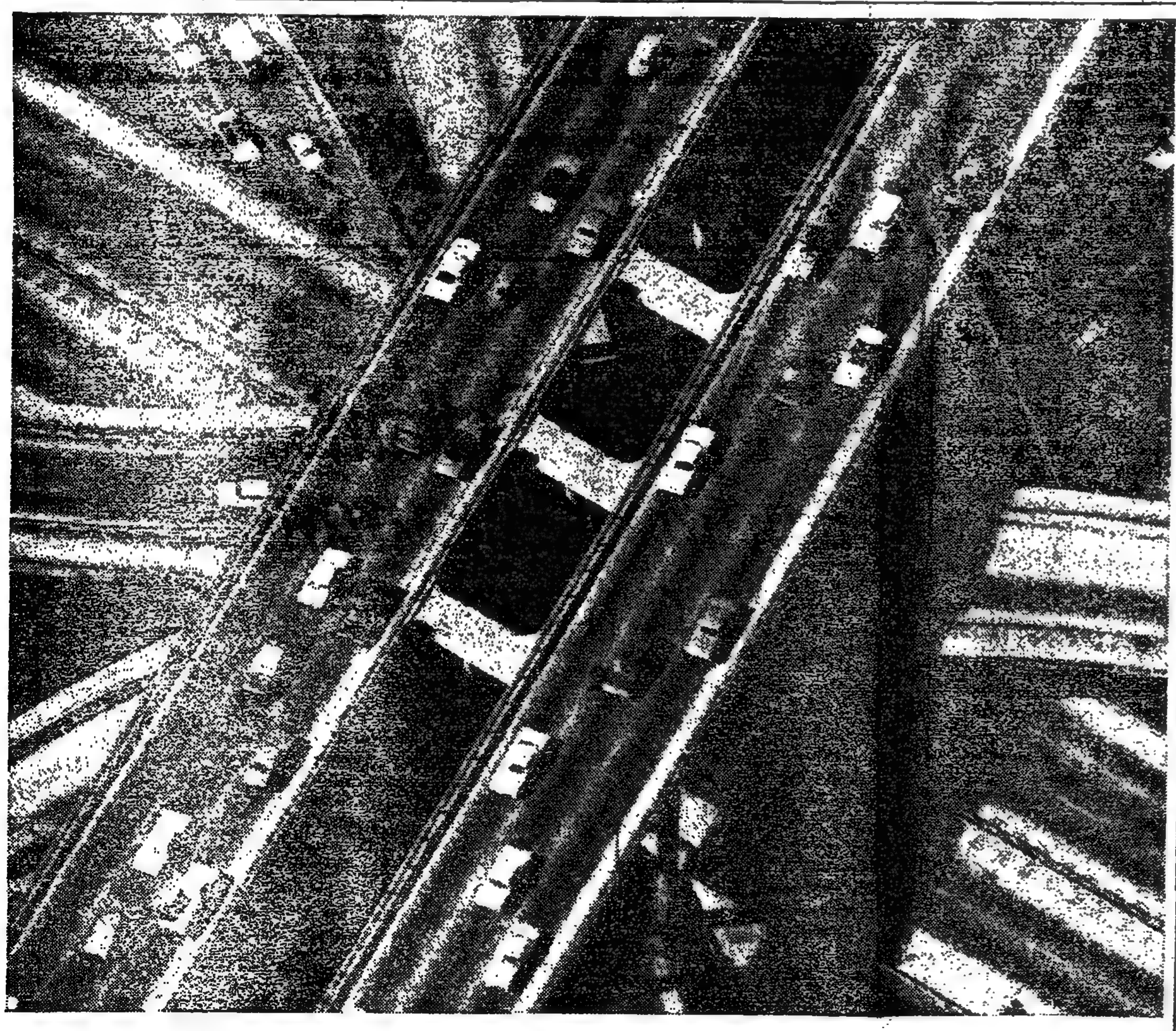
Some underwriters are particularly concerned about partial losses, and the fact that, while insured values have been increased, deductibles have not been increased by the same proportion; often they have been reduced. While, therefore, many minor partial losses were less than the deductible in the past, nowadays relatively few partial losses fall within the deductible, with the result that a higher proportion of premium income is absorbed by partial losses.

There is a slight feeling within the aviation market that conditions may improve. First, there are signs of more expansion in airline activity, although more business does not necessarily mean there is less competition.

Secondly, it looks as though reinsurers may take a tougher line with direct underwriters. Such a move could in the first instance help to reduce the over-capacity situation among direct insurers. In the second, if direct underwriters could not obtain reinsurance facilities for certain types of business such as good experience return insurances, or profit commission insurances, such business might in time be eliminated and such returns really would have to be earned by assureds. Another pointer is that facultative reinsurance is not always so readily available as it was. If this trend continues it will help to reduce the capacity of the direct market.

It remains to be seen whether action of this type taken by reinsurers will have the anticipated effect. Certainly the aviation reinsurance market has had its problems, and currently some aviation insurers are perhaps not being sufficiently selective about the security of their reinsurers. Aviation is very much a "catastrophe" market, and some reinsurers around the world could find themselves in trouble in certain circumstances.

Jon Gascoe



Brokers' register opens

IT IS nearly 18 months since the Insurance Brokers (Registration) Act 1977 received the Royal Assent and set in motion the procedures for the control and self-regulation of the insurance broking profession. Since then, things have been extremely quiet as the Registration Council, the body set up to administer the Act, set about the task of preparing the necessary regulations to make the Act workable. Such a long period of silence was to be expected, but now things are moving again.

The Act sets out to regulate the profession by making it obligatory for anyone wishing to trade under the title of insurance broker to apply for registration. This will only be granted by the Council provided the applicant has reached certain levels of expertise and experience, has the necessary financial stability and agrees to abide by a code of conduct. The broker also has to take out professional indemnity insurance and contribute to a central rescue fund.

It has long been the desire of many insurance brokers that they should have a professional standing in the eyes of the public comparable with that of solicitors and accountants. In this way it was felt that the public would have confidence in going to brokers to arrange their insurance requirements, knowing that they would be dealing with knowledgeable, efficient persons with a high level of professional integrity. It was a lofty aim, considering how a few slick operators have tarnished the efforts of the general body of brokers.

Regulations

Now the waiting is over and the first and second batch of regulations have appeared over the past few weeks. The first established the actual register and is now open. The second order set out the costs of registration. This takes two forms. First, each individual broker has to apply for registration. This will cost £25 initially and a further £15 each year (on current values) to have the name kept on the register. If the broker wishes to trade actively, then the cost is £50 a year per firm or corporate organisation, whether it is a one-person operation or a multinational publicly quoted Lloyd's broker. A company wishing to register has to have a majority of its board on the individual broker register. In a partnership, all partners have to be on the register.

Details concerning the procedure for registration have now been published, with details being given in the insurance trade Press. Members can now ask for a form of application. But since certain regulations have still not been published, the Council will not yet be able to grant registration. Lloyd's brokers are being advised to do nothing at present.

The code of conduct which brokers have to agree to abide by has also been published and frankly one has to admit that it is a "bit of a dog's dinner." At first reading it sounds somewhat fatuous, the legislators having discovered that it is difficult to spell out those abstract qualities—integrity and utmost good faith.

The regulation setting out the code enunciates three basic principles and follows this with 19 specific examples of the application of these principles on the "thou shall" and "thou shall not" basis with a warning that these are not exclusive. Presumably the Council got tired for thinking up laws for the brokers "Mosaic Code."

The basic principles are as follows: (1) to conduct their business at all times with the utmost of good faith and integrity; (2) to do everything possible to satisfy the insurance requirements of their clients and to place their interests above all other considerations. (3) statements made when advertising shall not be misleading or extravagant.

It is interesting to note that included in the specific examples is one which now gives clients the right to ask a broker what commission he is receiving on the contract being recommended and whether any additional payments are being received. This particular code has caused a lot of criticism from certain brokers. But it does give clients the right to check that the contracts are not being recommended solely because the broker receives the highest rate of commission. The broking profession has its share of black sheep and it is not unknown for some brokers to operate on the principle that the best policy for the client is the one that pays the highest commission.

Many brokers, having read the code, are not surprisingly somewhat bemused. The British Insurance Brokers Association plans to issue a code of practice—a broker's straightforward and practical guide to the code of conduct—within the next month or two. This should help brokers in their dealing with the public. Meanwhile, if they adhere to the principle of providing the contract that best meets the client's needs at a price he can afford, then they are not likely to find themselves very far from the spirit of the code. For most brokers it means doing what they have done for decades.

How does the Council intend to supervise brokers and ensure that they are abiding by the code? The Act lays down the formation of the procedures to investigate complaints and to take disciplinary action. Indeed it is difficult to see how brokers can be made to abide by the code except by investigating complaints of breaches in the code, and if found proven to impose some form of disciplinary action.

A second batch of regulations has been published setting up the relevant committees—one to investigate complaints and the other to consider disciplinary action for any infringement of the regulation requirements. This committee has the power to impose the ultimate sanction as far as brokers are concerned. This is to remove a broker from the registration list, thereby stopping him from trading under the title of insurance broker, although he can trade under another title.

The success or otherwise of self-regulation will depend on how effectively these procedures work in practice. The composition of the committee looks overloaded with brokers and this could be an adverse feature. The consumer may well feel that complaints will not get a fair hearing.

The regulations on solvency and financial provisions are expected to be published in the next week or two. They are not, however, likely to affect any but the smallest broker, although there is myriad of those spread over the country. The aim is to ensure that firms are run on sound financial lines operating from an adequate capital base.

In particular brokers will have to ensure that money paid to them by clients for premiums is kept separate from other assets and in safe liquid type assets. The BIBA has already published a list of acceptable investment holdings for such funds.

The costs of registration given so far are not onerous, but the real cost is going to be that of obtaining professional indemnity cover. The necessary regulations have not yet been published so brokers do not know the minimum level but many smaller brokers have indicated their unease at this requirement. The cost of insurance could seriously affect their earnings and the indications are that professional indemnity insurance premium rates are rising.

The line adopted by smaller brokers is that they have complete control over the operations, they are careful in dealings with clients and have never had any bother in this respect. The line taken by the Act is that all brokers must be able to meet the financial consequences of professional negligence and for most brokers this can only be done through insurance.

The public is now more aware of its rights and is prepared to take legal action to enforce them. The largest award made against a broking organisation for professional negligence concerned a one-man firm which fortunately had insurance.

Meanwhile the British Insurance Brokers Association, formed from the four broking organisations that previously existed, had been extremely active over the past year. It regards one of its prime functions as providing a back-up service to its members to enable them to operate as brokers in the current environment. There is a system of legislation on many subjects that impinges on brokers, often as employers. Last month it held a successful first annual conference. Now it is going to be busy guiding members through the intricacies of registration.

Eric Short

Source of over half the City's invisibles

THE INSURANCE industry has made a large and growing contribution to the balance of payments in recent years and is by far the largest single source of the City's invisible earnings—as the overseas income of financial institutions is known.

The record is certainly impressive. Net overseas earnings of the insurance industry—including brokers and companies as well as Lloyd's underwriters —increased from £297m in 1970 to £909m last year, according to the Government's statistics in the annual Pink Book on the balance of payments. This represented a more than threefold increase over the period compared with a rise of just under three times for the total net earnings of the City. Moreover, in 1977 insurance earnings increased by 14.3 per cent while those of the City as a whole fell by 4½ per cent.

The result is that the net earnings of the insurance business accounted for 53 per cent of the City's overall earnings, compared with 35 per cent in 1975.

Looked at another way, the continuing importance of overseas business for London as a world insurance centre is shown by the fact that roughly two-thirds of non-life premiums come from abroad while the proportion is more than three-quarters for Lloyd's underwriters.

Overseas earnings of the industry have three main contributors—the UK companies, Lloyd's and the brokers. They include the profits of overseas branches and subsidiaries of UK companies on business written outside the UK. This amounted to £239m last year compared with £46m in the cyclically poor year of 1975 when earnings in the important U.S. market were particularly low. The companies also earn money on underwriting overseas business in the UK: this amounted to £42m last year, compared with £44m in 1976. Earnings on portfolio investment amounted to £64m compared with £73m previously.

Overseas earnings of Lloyd's in 1977 were £379m—a rise of 13½ per cent on the year. The main category is the underwriting of overseas business written in the UK—£333m against £279m—while portfolio investment brought in £46m against £55m.

Earnings of the third main contribution, insurance brokers, have risen particularly rapidly in the past few years—up from around £50m in the early 1970s to £154m in 1976 and £185m last year.

These figures highlight the main sources of earnings from overseas business. The first consists of the income from trading operations in the form of profits or losses. The underwriters — whether insurance companies or Lloyd's syndicates—receive the premiums for taking the risks, out of which they must meet their expenses and then pay out any resulting claims from this business.

The business is either undertaken as an overseas risk written in the UK—Lloyd's operates solely in this way—or it is passed through subsidiaries in the country where the business originates. The latter is one of the main sources of income for UK composites such as the Royal, Commercial Union and General Accident which have large operations in the U.S.

The insurance sector also earns money from investments held overseas—either by companies or by Lloyd's. This arises from premiums which are invested until the claims have to be paid and there is usually a long time-lag. In addition, investment income is also received on reserves held abroad by the subsidiaries—for example on Wall Street.

Investments income is heavily influenced by variations in the level of interest rates and by fluctuations in the sterling exchange rate. Thus in 1976 the portfolio investment income of the companies and Lloyd's rose by nearly 35 per cent at a time when interest rates in many industrialised countries were climbing and sterling was very weak. In contrast, during 1977 interest rates in several countries were lower, at least for part of the time, and sterling recovered, notably against the dollar. Consequently the combined portfolio investment income dropped by 14 per cent.

The other main source of the insurance industry's overseas earnings arises from the overseas trading activities of the insurance brokers. Their activities' overseas have expanded rapidly in the past ten years. The brokers benefit directly from the impact of any decline in the value on sterling on premium income and also from the effects of inflation.

All parts of the insurance business have, however, been facing increasing competition and, as the Committee on Invisible Exports' evidence to Sir Harold Wilson's inquiry argued, the companies have had to contend with restrictive policies in overseas countries, including nationalisation, and requirements that insurance should be placed with local companies. The effect on the total earnings of the industry has been mitigated by the fact that the capacity of local markets in developing countries is limited, and much of the direct business written there has been re-insured on the international market.

The Committee noted that the London reinsurance market had expanded to meet this demand and also the increased demand for reinsurance created by the growing size of individual risks, though even in this field there has been an increasing trend for developing countries to set up their own national reinsurance companies and regional reinsurance pools.

Among other developments have been the establishment of international pools, involving London brokers, to handle very large new risks such as in oil and nuclear power, and the provision of cover for political risks and pollution, and for multi-national companies.

One of the key inflences on the insurance industry is the value of sterling. In the short term a fall in the pound increases the sterling value of overseas earnings, so long as they are not offset by higher sterling costs. This benefits those who have claims payable in foreign currency.

Over the longer term, however, there can be unfavourable effects on those who have to make foreign payments out of sterling resources. This caused particular problems for insurance companies since, until a relaxation of exchange controls last autumn, insurers were unable to convert assets from sterling into foreign currencies to match fully their overseas liabilities, and so they were exposed to an exchange risk if they had to meet claims in foreign currency out of sterling reserves.

The Government recognised these problems in view of the growing amount of business carried out in foreign currencies. Insurance companies, in common with banks and merchants, have from last autumn been allowed to retain rather larger amounts of foreign currency as reserves. For insurance companies, the changes have meant that they will be able to match fully their liabilities in foreign currency with external assets, as against the 75 per cent limit permitted previously.

A survey of the prospects for invisible exports carried out for the Committee by the Economists Advisory Group in the early summer identified differences in outlook about prospects in the insurance industry. Companies were the most optimistic about earnings and brokers also expected an improvement. Members of Lloyd's, however, expected a fall in earnings because of the effect of competition on premium rates and of inflation on claims costs.

The marine and aviation businesses are particularly affected, though the prospects may be rather better for Lloyd's general non-marine insurance. The outlook for insurance brokers has been affected by the recovery in sterling since the end of 1976, reducing the value of dollar earnings, though hopes of a pick-up in the growth of world trade should help from now onwards.

Peter Riddell
Economics Correspondent

OVERSEAS EARNINGS OF INSURANCE

(£m)

	1970	1971	1972	1973	1974	1975	1976	1977
Companies								
Underwriting	30	40	38	34	32	31	44	42
Direct investment	48	62	85	76	62	46	190	239
Portfolio investment	33	35	37	47	54	61	73	64
Total	111	137	160	157	148	138	307	345
Lloyd's								
Underwriting	122	141	138	114	127	166	279	333
Portfolio investment	14	16	19	25	37	34	55	46
Total	136	157	157	139	164	200	334	379
Brokers	50	55	58	60	76	104	154	185
Total net earnings	297	349	375	356	388	442	795	909

Source: Balance of payments Pink Book.

Lloyd's syndicates battle it out

LLOYD'S OF London's profits for the past completed underwriting account—for 1975—were an all-time record at £135.2m. Since 1974 the number of underwriting members (those that provide the vital capital on which Lloyd's operations are based) has grown by 125 per cent—from 7,562 to somewhere in the region of 17,000. Premiums have risen by 30 per cent over the same period to around £2bn. The figures look impressive.

But put against the broader context of how Lloyd's operates the performance of the community must amaze many onlookers. For most would agree with the observations of Mr. Ian Findlay, the present chairman, that Lloyd's is a unique survival of an age of rugged individualism that has long since disappeared from the City and is fast vanishing from the commercial world in general.

Lloyd's is after all not a company. If it was, then its 17,000 underwriting members would be shareholders. It is more a market place for conducting insurance business, with administrative services provided by the Corporation and Committee of Lloyd's.

The 17,000 underwriting members lend their names, their capital, and their trust into one or more of 361 underwriting syndicates. These are sometimes composed of a small number of other underwriting members, although many are much larger, with several hundred members.

Professional underwriters are responsible for the day-to-day business affairs of the syndicate, while the majority of the underwriting membership is non-working at Lloyd's. The non-working membership relies on the professional underwriter to make it profits, but at the same time by investing in Lloyd's it does gain attractive tax advantages.

The business that Lloyd's underwriters insure is brought to the market by 270 approved Lloyd's brokers, and this is the only way that insurance business can be introduced to the Lloyd's market. The Lloyd's insurance broker acts for his client, the insured, but takes a commission from the insurer for the placement of any business.

Within this framework Lloyd's underwriters compete among themselves as well as against insurance communities throughout the world.

And yet, in spite of a long history of proven success in Lloyd's, there are signs that all is far from well. Lloyd's success owes much to its flexibility in being able to handle a range of risks which other insurance concerns could not cope with. True, this is still one of the community's main strengths.

But what Lloyd's has had to contend with in recent years is an increasing amount of foreign competition in its traditional markets, such as marine and aviation insurance.

Faced with the prospect of limited growth in their home markets, and encouraged by a reasonably favourable claims experience on many classes of business together with the improvement in investment incomes, many foreign insurance companies have attempted to make inroads into other markets to establish a platform for future growth.

To become established aggressive marketing policies have been adopted by the foreign companies and premium rates in relation to the size of the risks have been cut. Moreover, business volumes have not increased at anything like the rate of the increase of available insurance.

In order to hold its own position in the markets which have attracted the foreign competitor Lloyd's itself has had to adopt a more aggressive role. But it is from the intensity of this competition within the markets that many of the much publicised disputes and controversies arise.

Brokers are anxious to get the best deal possible for their clients at Lloyd's and with other insurance concerns. In chasing the most attractive deal—the insurance package which can be bought for the most competitive premium rate—the Lloyd's broker may not always be acting in the best interest of the underwriting end of the Lloyd's market.

For if, in the haste to secure an account, the broker accidentally overlooks to advise the underwriter of all aspects which might affect the future claims experience on a risk—and the premium rate—then very real problems could arise in the future. The underwriter can only determine his premium rates on the information that is presented to him by the broker, which he sets against his own knowledge of particular classes of business.

Because premium rates are depressed and claims are constantly increasing in value the market climate both inside and outside Lloyd's has led to an increasing number of pitched battles fought in full public view.

Insurers, and Lloyd's too, are reluctant to pay up on large claims which could be legitimately resisted because of their doubtful nature. If a doubtful claim arises on a Lloyd's policy, but for which there is perhaps not enough evidence to successfully resist that claim in the courts, Lloyd's underwriters seek a negotiated or commercial settlement.

But outside Lloyd's the insurance companies prefer to let the legal processes take their course. Insurance legal actions take many years to settle during which time the companies are not obliged to pay the claims. This tends to happen more in the reinsurance market, where the reinsurance companies have no direct involvement with the consumer and therefore are less likely to cause a public uproar by resisting claims.

But Lloyd's syndicates have become drawn into reinsurance battles. The famous Sasse syndicate is slogging it out with the Brazilian Reinsurance Institute over fire and damage to property reinsurances; the Chester syndicate is embattled with Oceanus Mutual Underwriting Association over container reinsurances; and the Stewart syndicate is in legal action with 11 companies over aviation reinsurances. In each case the syndicates have not been able to recover amounts due to them under reinsurance agreements.

Perhaps it is likely to be a feature in the months to come that other Lloyd's syndicates will figure in reinsurance disputes. As the premium rates have fallen and the value of the risks has climbed so Lloyd's has sought more reinsurance cover outside its own market. And it is the reinsurance companies which are becoming increasingly reluctant to settle claims which might be reasonably contested at a time when premiums are tight.

John Moore

Fire damage: the alarming figures

FIRE DAMAGE last September soared to £30.3m—only the fifth time that the monthly total produced by the British Insurance Association (BIA) has exceeded £30m. So far this year fire damage amounts to £217m, an increase of over 30 per cent against the corresponding period last year.

These are worrying figures for both the insurance industry and the fire brigades. The only other occasions when damage has been so high was the month that took in the Flixborough chemical plant disaster and the three months of the firemen's strike at the end of last year.

A few big fires gave the September figure a boost. There were four costing over £1m, including one with £4½m of damage at a warehouse, 16 costing £250,000 or more, and a further 50 causing over £25,000 of damage.

It was somewhat ironic that the September fire damage figures were released when the Central Fire Liaison Panel was introducing a campaign to increase awareness of fire and its consequences.

There is, however, a danger of reading too much into one month's figures or for that matter, in just looking at the pattern over the past few months.

Certainly the recent figures show a worrying trend. In the past six months fire damage has risen by a quarter in money terms. Yet this year's monthly figures from the BIA are comparing with "a good year." Fire damage in 1977 in Great Britain and Northern Ireland amounted to £293.5m. an increase of only 6.1 per cent over the 1976 figure of £276.5m. By comparison the increase between 1975 and 1976 was 22.3 per cent. and back in the years 1972-74 fire damage was rising by over 30 per cent a year.

Bearing in mind the rate of inflation seen during 1977 the increase seems small and taking the latest figures in relation to a five year pattern the rate of increase now is probably no worse than might be expected.

The odd fact that 1977 was such a good year can be partly explained by low levels of economic activity. When industry is shut down for longer periods—there is less overtime or perhaps a shift is dropped—the risk of fire proportionately recedes. At least that is one theory.

One of the key factors in the last 12 months was the firemen's strike. Last year, when this survey was being produced, one could only guess at the likely outcome of a prolonged strike by the fire-fighting forces. Certainly some of the insurance men must have been worried sick at the thought of what could happen to claim levels. Understandably fire damage was much higher in the event, but perhaps nowhere near as bad as some had feared.

The firemen's strike lasted from November 13, 1977, to January 16 this year. Fire damage in November amounted to £42.7m, a staggering £30m above the corresponding month in 1976. In December the figures eased back to £33.8m compared with £17.2m, but in January the damage was back up to £41m against £22.4m. Not all of this was insured but a lot of it was.

For the three months losses were £175m, more than treble those of the comparable period. Of course, not all of this jump can be attributed to the strike alone. Inflation plays a part but insurance companies say that the major part of the increase was down to the strike.

True, a greater national awareness saved the day to a certain extent. The actual number of fires dropped in the early days of the strike as people took more care. Once a fire was under way, however, the action that the Armed Services could take with out-dated "Green Goddesses" was limited. Fires that gained a hold sometimes had to be left to burn themselves out, whereas the professional firemen with modern equipment would have been able to bring them swiftly under control with a resulting drop in the amount of damage.

A classic example was the Tilbury power station fire when the strike was only a few days old. A fire broke out in the control room of the Essex power station and quickly spread along the cable ducts. In all, 50 Servicemen with five "Goddesses" backed up by senior fire brigade officers fought all day to control the fire. An experienced fireman said at the time that the regular brigade would have got it under control within two to three hours.

The effect on companies varied, though in all cases profits were hit. For example, Royal Insurance faced the first six weeks of the firemen's strike with relatively little damage to its profits. But in the last couple of weeks claims were much higher than the total for the previous six. The reason was that in the final weeks Royal was caught by a couple of big fires. All the insurance companies must have suffered but the degree of suffering depended upon how lucky they were.

One of the spin-offs from the strike one would have thought was that people would have been jolted into looking at their own insurance cover. It has been estimated that one in four households lacks protection and as much as 80 per cent of those who have cover are under-insured. So fears brought about by a firemen's strike should have seen the public flocking [to the] insurance agent. Yet while there was some new insurance being bought it was not nearly as great as might have been anticipated. Apathy appears to have won the day again.

The other consequence one might have expected is that the insurance companies would step up their premium rates quite significantly to recoup the losses. That does not appear to have been the case either.

Though it is easy to write off the increase in fire damage during the last twelve months as either a result of the firemen's strike or a catching up with inflation it is nevertheless a fact of life for the insurance companies that an increasing strain is being put on their fire account.

To combat this the companies are pressing more for index linking by both the business community and householders. For the insured it makes sense and for the insurers it means a steady rise in premium income without relying on higher volume.

Meantime, in the background are the efforts by such bodies as the Fire Protection Association (FPA) and the Fire Liaison Panels advising on how to minimise fire risks.

Dwellings

Unfortunately the latest official UK fire statistics date back to 1976 so there is no up-to-date detailed information on the incidence of fire. It is interesting to note that the number of fires in occupied dwellings has remained within the same broad range since 1969. In 1976 there were 95,795 fires in all against 90,856 in 1969. The high point in the intervening years was 105,328 and the low point 89,310.

Arson is a growing problem. Over the same period—1969 to 1976—the number of fires of "malicious or doubtful ignition" in occupied buildings rose from 3,872 to 8,174, and it is worthy of note that only a couple of years earlier in 1967 the figure was as low as 2,303.

To come a little more up-to-date, statistics compiled by the FPA for 1977 taking in major fires only—those of £25,000 and over—arson was the highest cause apart from the "unknown" category. In 1977, according to the FPA, 306 fires were started maliciously or intentionally, causing £42.78m damage.

Arson seems to be an increasing tool for the vengeful. The story is told of a thief caught trying to steal lead off a vacant vicarage roof. Out on bail the thief set fire to the vicarage. Again in front of the "bench" this time for firing the vicarage, he was put out on bail for the second time. All eyes were then on the church itself but evidently he resisted temptation.

A final note for the "rubbish burners." According to FPA statistics there were six major fires as a result of burning rubbish—the total cost just over £350,000. So think again as you put a match to the autumn leaves.

Terry Garrett

Slender motor profit

MOTOR COVER is arguably a captive market for insurers. After all, every vehicle owner is required by law to take out some sort of policy, and roughly two-thirds of those who do so prefer the more expensive comprehensive variety.

Motor insurance has nevertheless, become increasingly competitive in recent years and has a times shown an alarming tendency to lose money.

In 1976, for example, members of the British Insurance Association (BIA), which among them account for most of the UK market—apart from the Lloyd's syndicates—made a mere £1.7m profit on motor underwriting—only 0.2 per cent of net written premiums. Last year the outcome was even worse — these companies recorded a motor underwriting deficit of around £20m. That was the first collective result since the bad years of 1969 to 1971 when the removal of mutually agreed motor insurance tariffs led to almost cut-throat rates.

Admittedly motor syndicates at Lloyd's made a record profit, net of investment income, for 1975. (This is the most recent year for which full results are available). On the other hand Mr. Maxwell Tullberg, chairman of Lloyd's Motor Underwriters' Association, has said that both 1976 and 1977 have shown a deterioration. "It was the Association's view that the factors which contributed favourably to the 1975 result had disappeared," he added.

Meanwhile, motor cycle accounts in the last two to three years have been little short of disastrous. Some top companies have largely pulled out of this field while others, like the Norwich Union and the Co-op, have made hefty losses.

Inflation with its often unpredictable advances is the motor underwriter's worst enemy. It pushes up costs and hence the repair bill which ultimately has to be met by insurers. So far this year repair and replacement costs appear to have risen by an average of about 15 per cent on 1977.

Charges

According to the BIA, in the 12 months to July this year the price of spare parts rose by 10.2 per cent, garage charge out rates increased by 16.2 per cent while new and used car prices went up by 13.8 per cent and 14.3 per cent respectively.

Another factor which pushes up premiums is the incidence of accidents, or the frequency of claims. The BIA estimates that the industry deals with some 2½m claims a year. But after a long period of gradually falling real claims (relative to premiums paid) the level now seems to be creeping up again.

Last year, for example, General Accident found one driver in six was making a claim compared with a ratio of one to seven previously. Lloyd's syndicates say they are handling on average 11 claims for their 1976 and 1977 accounts, against 10 in 1975.

Accident figures, meanwhile, do not readily support the idea that drivers are hitting each other more often, so policyholders may now be more claims-conscious than before. On the other hand, since the oil crisis of 1973-74 petrol has steadily become cheaper in real terms while motorists' resistance to the new high level of fuel prices has gradually weakened. According to some observers, increased car use has therefore been responsible for the greater number of claims.

In fact, premium increases in 1978 have perhaps been slightly less than anticipated at the beginning of the year. This is essentially because some companies underestimated inflation in 1974 and 1975 but in their more recent targets overshot the actual rates in the second half of 1977 and in the first half of this year. According to Quotel, the motor insurance quotations index which covers most of the industry, average premiums in the 12 months to November 8 have increased by 17.8 per cent.

Quarterly

This includes quarterly rises of 6 per cent (November, 1977, to February this year), 5.2 per cent (February to May), 1.8 per cent (May to August) and most recently 4.7 per cent (August to November). The mid-year slowdown partly reflected low levels of inflation but the latest figures suggest that the rate of increase is picking up once more. This is certainly acknowledged by companies — and experts feel next year's premiums will have to climb by at least 20 per cent.

Lloyd's has also warned that its motor syndicates will probably be increasing rates by 15-20 per cent in the new year.

Motor cycle underwriting has perhaps presented the biggest headaches in the last two to three years, and as a result has demanded drastic action. The Co-op, for example, hoisted its rates for youngsters by a full 125 per cent at the beginning of 1977.

More recently on September 1 this year, Norwich Union, one of the leaders in motor cycle business, lifted its rates by 16¼ per cent after 12 months with no increases. The company hopes at least to break even in the current year after a period of continual losses.

It is the low average age of motor cycle riders which has made the sector most hazardous for insurers. According to one company 80 per cent are now young and inexperienced, a much higher proportion than for car drivers. As a result, Norwich Union, for example, charges riders aged between 16 and 19 five times more than those over 25. Motor bikes have also become more sophisticated and expensive to repair, while after a crash machines often need to be fully replaced.

Dangers

Figures from the British Road Federation's latest publication demonstrate the dangers. In 1975 there were 1,923 motor bicycle accidents per 100m vehicle miles, compared with 204 accidents involving cars and taxis.

Leading companies in this field reckon motor cycle premiums are now roughly back in line with the rest of the motor insurance field, though rises between 5 and 10 per cent above the average may be needed next year.

Tim Dickson

Share prices at low levels

"I KNOW they look cheap, but I'm overweight." That just about sums up the reaction of the typical institutional fund manager in recent months to suggestions from his stockbroker that he should take advantage of the low levels at which insurance shares of all types have been standing. "Overweight" is a jargon word which means technically that a fund has a bigger proportion of a particular type of share than corresponds to the make-up of the FT-Actuaries All-Share Index, which is widely used as a yardstick. Less technically, it simply means that there have been too many insurance shares chasing too few buyers.

In terms of relative performance it has been a very bad year for insurance shares of all types. Early this month, with more than 10 months of the year gone, the FT-Actuaries Composite Insurance Index was the very worst performing out of 45 groups and sub-sections making up the FT-Actuaries series. The Life Insurance Index did little better, appearing in 41st place. This was only narrowly beaten by Insurance Brokers, normally a glamorous sector but this year trailing in 39th position. This means that the three insurance sectors have all come within the last seven places.

The strange thing is that this poor performance has been achieved in a year in which it looks as though the profits growth of insurance companies is going to be reasonably good, certainly by the standards of most British companies, many of which will do well to produce any significant advance in profits at all during 1978. The big seven composite insurance companies, for instance, could well raise their pre-tax profits by 15 per cent or so for 1978. Life assurance companies should raise their profits by around a tenth, much the same as the likely average for British companies and insurance brokers should also show reasonable growth, albeit rather slower than the rate of expansion usually achieved by this sector during many recent years.

Issues

So if a poor current profits performance is not the explanation, what is? In the case of composites, the most important of the three insurance groups, one reason lies in the wave of rights issues whereby the sector recapitalised itself between 1974 and 1978. In that period Commercial Union had two major rights issues, and all the other major companies had one. The result was a big increase in the quantity of paper in issue, leaving investors unwilling to add still more to their holdings by purchases in the market. Because of the increase in issued capital, earnings per share growth has been much less impressive than at the pre-tax level.

A second problem is that although recent profits growth has not been too bad (last week CU announced pre-tax profits up 50 per cent after nine months) certain fears are being expressed about the trend in the future. One key area is the U.S., where companies like CU, General Accident and Royal derive a large proportion of their earnings. The problem here is that although U.S. underwriting profits are still good, there is an increasing conviction that the so-called underwriting "cycle" will soon start swinging down again.

Symptomatic of this problem is that with insurance profits currently very high in the U.S., premium rates are not rising very fast. With the inflation rate in the U.S. now at about 9 per cent and climbing (it is currently higher than the rate in the UK) it seems inevitable that next year profits will come under pressure again.

After a disastrous year in 1975, when many companies in the U.S. showed losses even after crediting investment income, profits have soared back again. From roughly 108 per cent of premiums in 1975, the U.S. industry's operating costs ratio had eased to the historically favourable figure of 97.7 per cent in 1977. But many analysts now fear that with competition increasing and State control agencies getting tougher about agreeing to rate rises the ratio will climb back to over 100 per cent by 1980.

In the UK, too, underwriting experience promises to be very patchy. The domestic property account, once almost a licence to make money for companies like Sun Alliance, is becoming more difficult. Measures to overcome the impact of inflation have not been wholly successful. Although companies have been insisting on various forms of indexation to make sure that premiums keep in line with real values, this tougher policy has been greeted with what is known as higher claims awareness—in other words, people are trying to make sure they get more value out of much increased premiums, and are making claims where they previously might not have bothered.

Meanwhile the commercial fire account, though still profitable in the UK, is being affected by massive rises in fire damage. For the first nine months of 1978 fire damage reached £217m, an increase of over 30 per cent on the corresponding 1977 figure.

Moreover, there are signs that competitive pressures are building up once again in Australia, a country where British companies are active but which has been a source of recurring problems in recent years. It is a comparatively easy market to enter for U.S. companies aiming at international expansion, and there are fears that the industry there will soon be pushed back into making underwriting losses.

These problems — especially those related to UK property insurance—are also afflicting the big life assurance companies which in recent years have been expanding their general business to the extent that the distinction between the composites and life companies like the Pru, Pearl and Legal and General is becoming somewhat blurred.

Over-supply

As with the composites, rights issues by these big life offices to recapitalise their general branches have contributed to an oversupply of shares to the market within the past two or three years. On the other hand, the pattern of business on the life side has tended to improve markedly.

Whereas for several years the life companies have been troubled by a sluggish trend in new business and by soaring expenses, this year new premium growth has accelerated while the lower trend of inflation has improved the costs picture. Major factors leading to improved sales of policies have been the big rise in personal disposable incomes this year, an active housing market and the implementation of the new State pensions scheme, which has led to opportunities to pick up pensions business from companies contracting out.

In these conditions the share price of Hambro Life, a non-traditional life company unencumbered by a general branch or an industrial branch, has performed strongly because of the obvious new business opportunities. But the big companies like the Pru and L and G. have lagged behind in the stock market.

It is not especially unusual for composite or life insurance shares to be performing indifferently—they have been among the poorest performing sectors in the years since the FT-Actuaries indices were established in 1962. What is much more surprising is to find the normally high-flying insurance brokers also stuck at the bottom of the rankings. But this is much more likely to be just a temporary phase, for this is still a comparatively highly rated sector which has been suffering from the exceptional weakness of the dollar (in which currency much of the brokers' revenues are collected) and from uncertainties in the international insurance business. The marine and aviation business, for instance, continues to suffer from over-capacity and low rates. There have also been bad debt problems.

At first sight the chances of recovery for composite shares seem less bright. But some stockbroking analysts are now tending to look on the bright side. They note that insurance shares usually perform relatively well during the later stages of a bear market and the early part of a bull phase. With the equity market now well below its peak, they hope that it will soon be time for insurance shares to begin displaying their defensive qualities.

Barry Riley

Most households underinsured

UK INSURERS lost at least an estimated £20m last year on underwriting experience with domestic householder accounts. Sun Alliance and London, a leader in this field, recorded a loss of several million pounds. This followed even heavier losses in 1976 and the trend has continued this year. What has caused this turnround in experience on an account that was always regarded as profitable?

For a start, the past few years have seen a series of adverse spells of weather affecting the UK as far as insurers are concerned, with paradoxically the long hot dry summer of 1976 by far the most serious. The storms which hit the east coast at the very beginning of 1976 cost insurers £40m, and last winter's flooding along the east and south-east coasts cost a further £15½m.

But the summer of 1976, which followed a comparatively dry winter and a previous dryish summer, resulted in widespread subsidence in many areas as a result of the ground drying out and shrinking. It showed up the folly of building houses on land which our forefathers had for very good reasons carefully avoided—witness Wivenhoe in Essex. It also showed up the folly of giving free subsidence cover on housebuilding policies, at the request of the building societies, on the grounds that long dry spells just do not happen in this country. This cost the insurance industry £50m in 1976 and £15m in 1977.

Then, again, the number of thefts in the UK has climbed steadily over the years—a symptom of the society we live in. Insurers have consequently experienced rising claims rates. Recent figures published by the British Insurance Association show that theft claims in 1977 amounted to £30.2m, compared with £8.9m in 1972. Insurers are expecting this trend to continue to rise, despite all efforts being made by the police, the BIA and individual companies to educate the public into taking precautions to make their houses less vulnerable to thieves.

Policyholders are also becoming more conscious of their rights under householder policies and are claiming more frequently, usually for very small sums. There is nothing reprehensible in this action, providing the claim conforms to the policy conditions. But it is adding significantly to claim costs, especially in administration, by more than the underwriters had anticipated and allowed for in determining premium rates. In addition, many individuals are trying to claim for losses not covered or ever intended to be covered in the policy, often using it to try and replace items that have worn out. Repudiating these claims costs money.

But all these factors are an integral part of insurance operations. Underwriters expect adverse weather, theft claims and even subsidence. It is their job to adjust premium rates to take account of changing conditions. The UK insurance industry emphasises that it exists to pay claims quickly and in full. This was amply demonstrated by the speed with which it dealt with the flood claims in January, showing that insurance is more than investment.

The biggest problem facing underwriters over the past few years, however, has been underinsurance, brought about by the high rates of inflation experienced in the 1970s. Underinsurance, with its attendant problems, has caused as big an impact on profitability as adverse weather or increasing theft claims.

Inflation has resulted in the values of houses and their contents rising dramatically from the original cost. So unless revised regularly the sum insured under policies becomes very much out of line with the correct value of the times insured. Hence the premium is inadequate for the risks being covered. Insurers found that claims costs have been rising much faster than premium income and claims are paid from premiums. Although all insurance accounts have been adversely affected by inflation, the householder account seems the most seriously hit.

Efforts

What action have insurance companies taken to get their accounts back into profitability? Most of their efforts have been concentrated until recently on getting policyholders to insure for realistic amounts. At the start, insurers relied on exhortation and publicity to point out the need for realistic sums insured. Sun Alliance is currently running a Press campaign using case histories to show how certain individuals lost heavily when a claim occurred.

But most individuals are apathetic about insurance. Companies have accepted that people are unlikely to take the trouble each year of calculating the cost of rebuilding their house or revaluing their possessions. So a new type of contract was introduced under which sums insured and premiums are automatically revalued each year using an appropriate index. Provided the sum insured is adequate at outset, the sum insured remains realistic.

Then in 1975 General Accident led the way in making inertia work for the company instead of against it. This was done by increasing sums insured and premiums at the next renewal and automatically index-linking them, unless the policyholder specifically stated otherwise. Policyholders were given a free increase over the remainder of the policy year and a form was enclosed on which they could record their objections. Only a minority did so.

Many other insurance companies have taken a similar approach with success. Such action by itself does not get the sum insured correct, but it stops it getting further out of line. There is still a need for the policyholder to assess accurately the sum insured at the start. The BIA last week announced an aid to enable policyholders to assess the rebuilding costs of their houses. Companies provide forms to guide policyholders in adding up the replacement costs of their possessions.

Although these measures have achieved a considerable measure of success, it has not been enough. It has also raised problems of fairness—the majority who keep their sums insured up-to-date can be said to be subsidising the minority who do not. So some companies are now taking—or are about to take—tougher action.

Norwich Union now only markets index-linked policies for new business. If its policyholders wish to leave sums insured and premiums unchanged then averaging could apply in settling a claim. The company has found that most policyholders have accepted this change without demur. Sun Alliance has taken similar action. Policyholders have the option not to index-link, but the company has warned them that if the sum assured remains unchanged for two successive years, then an underinsurance clause will apply.

This is another form of action which some companies are introducing, albeit reluctantly. It involves the scaling down of the amount paid on a claim by the amount of underinsurance. But it will only be applied for gross underinsurance.

Finally, Sun Alliance has increased the basic premium rates for householder contents insurance, on which all other rates are based, thereby ending half a century of tradition—the basic rate for contents has been 25p (5s) per cent since the 1920s. But this rate only applies to the low risk areas. Premium rates in the higher risk areas, such as London and other major cities, are another matter. One company, Provincial Insurance, has ceased accepting new business, at least temporarily, in Central London.

Sun Alliance claims that this latest action will not be sufficient to eliminate losses. More increases are on the way and this is likely to be the pattern for many insurers. There is also talk of introducing high excesses on policies to cut out the small claims. The era of cheap household insurance could be coming to an end. But the industry could well consider whether the present style of householder insurance could be changed to meet modern consumer needs.

E.S.

Boom year for life and pensions

BUSINESS IS booming for the life and pensions side of the insurance industry. Endowment policies and other traditional products are basking in the sunshine of a massive increase in living standards in the past year. Group pensions business has received a fillip from the major improvement in benefits employers have to make to contract out of the new State pension arrangements which took effect last April.

Self-employed pension plans are selling in record numbers thanks to greater awareness of pensions among the public generally—and among insurance brokers in particular. Linked-life products and other recent innovations have been one of the strongest growth areas, recovering from the battering they suffered in the wake of the 1974 stock market and property slump.

Total premiums on new business in the first half of this year came to a record £548m, a rise of 24 per cent on the corresponding period last year. The growth has been achieved against a rise in the Retail Price Index of only 8 per cent and it follows years when new business growth lagged depressingly behind the rate of inflation. In 1977, for instance, new business growth was only 6 per cent.

Wrestling

But it has not all been plain sailing. The industry is still wrestling with the problems of adjusting to the new system of giving policyholders direct credit for tax relief through a reduction in their premiums. The industry has successfully passed on some of the donkey work of the changeover to the clearing banks—but even so the total cost to insurance companies will come to tens of millions.

Moreover, the new system contains a hidden trap for the industry in replacing tax relief with a direct subsidy. For the moment the subsidy will be at the equivalent of 17½ per cent tax relief but the Life Offices Association will have its work cut out in future years to fend off politically inspired demands for a reduction. From an economist's viewpoint the tax relief always was a subsidy anyway, but now it is generally seen to be so.

Single premium bonds and other linked life products have been in the vanguard of the boom and sales in the first six months of this year totalled £154m, a rise of 40 per cent on a year ago. But even these figures mask the spectacular performance by some companies specialising in single premium bonds; they have in some cases reported sales growth of 50 per cent and more.

The big attraction of bonds is that their performance is linked directly to a fund invested in shares, property or gilts or a mixture of all three. With the Index bouncing around the 500-line for the past year, equity-linked bonds have benefited from the impression of a buoyant stock market. Property has shown similar strength and the public's memories of 1974 are now all but wiped out.

Among insurance brokers bonds have the additional advantage compared to unit trusts in that they are life products and benefit from the impression in the public's mind that they are tax-efficient. In reality the pros and cons of bonds v. units remain a hotly debated subject within the savings industry.

Although bonds do have the advantage for high-rate taxpayers that they defer the full tax liability until they are cashed in—at which stage the investor's marginal income tax may have been slashed as a result, for instance, of retirement—they are not well placed for tax on realised capital gains and their position has been further undermined by tax changes this year.

For most small investors the case for investing direct through a unit trust is strong—but many brokers prefer to sell bonds. Sales of bonds are helped by technical factors; the broker's commission at 3½ per cent is still significantly more attractive than on unit trusts and bonds can be sold on a door-to-door basis in a way that is illegal for unit trusts.

Soared

New premiums on self-employed pension plans in the first half of this year soared by 44 per cent. A big part of the increase is probably due to the major improvement in commissions on pension plans introduced by the Life Offices Association a few years ago. Many brokers are only now for the first time actively promoting the considerable tax advantages of pension plans over endowment policies for anyone not covered by a company scheme. The new State arrangements have brought a cut in the self-employed's rate of National Insurance contributions and brokers have been quick to suggest that the money saved—and more—could usefully be channelled into retirement savings.

As a result of the higher benefits employers' pension schemes must now provide to contract out of the State's new pension scheme. Total premiums for group pension business this year are expected to show a handsome rise on last year's £3.2bn. Already Legal and General has reported that in the first half of this year about three-quarters of its improvement reflected higher funding to meet the new standards.

An increase of nearly 15 per cent in average employee earnings in the last year has been an excellent backdrop agains[t] which to sell endowment an[d] other regular savings policies. Tax reductions have also helped boost average net disposabl[e] income.

Linked life savings hav[e] generally done better tha[n] straight endowments, showing a rise of 26 per cent in new premiums in the first six months o[f] this year. Among insurance brokers the image of linked-life savings plans has been enhanced recently by the entry o[f] several giant traditional office[s] into the field after a decade when they pooh-poohed th[e] idea as a passing—and perhap[s] dangerous—phase.

For the future, an excitin[g] new area is opening up for th[e] industry in selling self-employed pensions to an estimated 7m employed workers currently relying only on the two tiers o[f] the State scheme for their pensions. They qualify for the same tax benefits as the self-employed and there are strong arguments for them to invest in a pension plan rather than, for instance, an endowment policy. National Employers Life has been among the first to recognise the potential of this new market and has launched a scheme which it hopes employers will recommend to their workers.

The industry generally will have to reform its commission system if it is to make the most of the new opportunity. For the commission system strongly encourages brokers to sell annual self-employed plans rather than single premium ones. But for employed workers even more than self-employed ones, annual plans are unsuitable. This is because an employee can never be sure he can continue the plan to retirement. If, for instance, he moves later to an employer with a full contracted-out scheme, he will be forced to make his plan paid-up.

Eamonn Fingleton

Brokers view the shape of things to come

"THE RECENT Bowring-Marsh and McLennan proposals may well prove the shape of things to come," observed one stockbroker on the planned tie-up between the world's largest insurance broker and one of the largest UK Lloyd's broking houses.

Indeed there has been an air of some expectancy—bordering on excitement—in the London insurance community about the future of the Lloyd's broking houses since the controversial Bowring-Marsh plans were announced.

The move surprised many observers. Lloyd's of London had earlier in the year decided that no insurance company, underwriting agency or a non-Lloyd's broker (all outside the Lloyd's market) could normally hold more than 20 per cent of the equity of a broker.

The much criticised decision was taken with the object of keeping effective ownership of a Lloyd's brokerage firm within the Lloyd's community. According to Lloyd's it was felt that such an arrangement would enable the Committee of Lloyd's to exercise its self-regulatory powers more easily than would be the case if broking houses were controlled by outside insurance interests.

The Lloyd's ruling had been prompted by the takeover bids by the third largest quoted broker in the U.S., Frank B. Hall for Leslie and Godwin, and Marsh and McLennan for Wigham Poland. Under the ruling both bids were blocked and the American insurance market was outraged.

The extent of the reaction stunned Lloyd's, which was anxious to stress subsequently that its decision was not a jingoistic one, but that it felt that day-to-day control of a Lloyd's broker should be best left in the hands of those with long experience with the Lloyd's market.

"The door of Lloyd's can always be opened further, but it is difficult to close the door once it has been opened too far. If, and I must say that it is a big if, the Committee were to be satisfied that their conditions regarding the entry of brokers could be modified without weakening in any way the essential requirements of control in London then I am sure the position could be reviewed," explained Lloyd's chairman, Mr. Ian Findlay.

But the decision nevertheless had brought a tension to Anglo-American insurance relations. As Mr. Maurice "Hank" Greenberg, president and chief executive of American International Group of the U.S., a major international insurance company, explained, "impetus was given to the creation of the New York Insurance Exchange," America's answer to the Lloyd's style market, by the Lloyd's ruling.

Better relations were restored when Frank B. Hall was eventually allowed to bid for Leslie and Godwin in a way acceptable to the Lloyd's ruling. Under the arrangement Hall is to own all the non-Lloyd's broking interests of Leslie and Godwin, but it is being permitted to hold 25 per cent of the Lloyd's operations. A complicated corporate structure is being arranged to satisfy the Lloyd's ruling.

But the most inventive way yet round the Lloyd's ruling has been devised by C. T. Bowring. Both Bowring and Marsh are to formalise their links in a way which does not involve a conventional merger, or a takeover. All the insurance interests of both groups are being put into one pot, so that eventually both would be pooling combined broking incomes of about $550m. How it will work in practice is not yet known, but it looks likely that the scheme will be administered through a joint committee and one where both parties would have equal voice. The distribution of the earnings would be based on a formula. Neither group will lose its separate identity.

Most important, the scheme is acceptable to the Committee of Lloyd's. This is why the London insurance market is speculating that more moves of this nature are likely in the future.

Last week's announcement that Sedgwick Forbes and Bland Payne, after a merger, were planning a link-up with Alexander and Alexander, the second largest broker in the U.S., is yet another manifestation of the upheaval taking place in the transatlantic broking markets.

The U.S. insurance market produces about a half of the world's total non-life insurance premiums. World insurance markets are more competitive than they have been for years. Many other overseas markets have grown in size and can handle insurance business which traditionally would have been placed in the London insurance community.

Lloyd's brokers are anxious to formalise its links with the U.S. market in order to prevent business by-passing the London community. In turn the American broker is seeking to develop and consolidate its position in international markets, handling local business and supporting local insurance centres in the way that the UK broking firms have traditionally conducted their business.

But first many U.S. brokers want to have a bigger say in the London market. All American, and any other overseas brokers, need to deal with approved Lloyd's of London insurance brokers if they are to place business with Lloyd's. An American broker may have produced the initial business for Lloyd's but it still has to be passed through a Lloyd's broker. And although the Lloyd's broker may have only played a passive role in the securing of that business he still claims part of the arising commission.

Meanwhile, as the Marsh-Bowring deal is planned there is another aspect that many Lloyd's watchers are studying closely. All London Lloyd's brokers have business relationships with many American brokers. C. T. Bowring is no exception. What many of Bowring's UK competitors are looking for is a switch of the new business, which would have traditionally been produced for Bowring by its other American brokers, to them.

For, runs the argument, Bowring's other American friends are likely to be less willing to place business with Bowring in the London market now that it has formed such close links with a competitor. Bowring is likely to go ex-growth on the business from its other U.S. connections, is the conclusion.

If that is so then other brokers in the London market could benefit; and already there are reports that business volumes from the American market are changing their usual routes into London.

However, UK brokers do not seem content to wait and see. Already there is much activity on the transatlantic scene as both the Americans and the British look round for suitable long term formal partnerships.

Whatever happens the London broking market is undergoing a period of change, probably the most traumatic in its history.

John Moore

The EEC's long look at farm prices

BY MARGARET VAN HATTEM, in Brussels

AUTUMN IS the time when EEC officials start adding up how much more the Community will need to spend in the coming year to support its high farm prices, and when Britain renews its demands for curbs on agricultural spending.

This year, true to form, they have started again. EEC finance ministers meeting in Brussels today are expected to take a critical look at the budgetary implications of the Community's heavy spending on the farm sector, the first time they have been directly drawn into the debate. It contains two new elements this year: British attempts to force a reform of the Common Agricultural Policy (CAP) as a condition for eventual participation in the proposed European Monetary System (EMS); and a dawning recognition in the Community that the present system of collecting and disbursing EEC revenues discriminates against some of the poorer countries, notably Britain and Italy.

Add to this that under the present budgetary system, spending requirements are expected to exceed revenues by 1981, and you might think that this time the British are in a better position to succeed. But, so far, most of the arguments look depressingly familiar. Few in Brussels, London, or anywhere else are holding their breath in expectations of a marked drop in agricultural spending—either in absolute terms, or as a percentage of the total budget.

New arguments looking forward to a monetary system which would help to stabilise EEC currencies have not substantially altered the British case, nor the main objections to it. Put crudely, the British object to the present system of EEC spending because they get the least out of it.

Three quarters of the EEC budget goes on agriculture and around three quarters of this on farm price support.

Relatively speaking, Britain has the smallest farm sector in the Community, employing only 2.7 per cent of the workforce against a Community average of 8.4 per cent, contributing only 2.4 per cent to Gross National Product against an EEC average of 4 per cent. Most of the money spent on maintaining farmers' incomes flows back towards the big producers of milk, beef, sugar, and cereals—that is, France and Germany—leaving Britain and Italy well to the rear. Britain cannot hope to enlarge its farm sector while the Community has a surplus of most of the commodities that Britain produces. So the only way for it to secure a bigger share of Community revenues is by persuading its partners to spend less on farm support and more on other EEC policies.

Only policy

Opponents of the British view quickly point out that most EEC spending goes on agriculture because the CAP is the only major policy the community has, and is likely to remain so while Britain continues to hold out against common fisheries and energy policies. Britain knew when it entered the Community, they add, that it would be paying more into the budget than it got out of it, and should stop trying to renegotiate its terms of entry. They also say that since the Community budget accounts for less than 1 per cent of Community GNP, it is in itself far too small an instrument to bring the poorer regions into line with the richer.

All of this is true. The fact remains that by 1980, when transitional arrangements run out and Britain, Ireland, and Denmark have to pay their full contributions to the EEC budget, the present redistribution system will leave Britain the largest net contributor. That was clarified two weeks ago by statistics attached to a confidential EEC economic policy committee report which showed that if the 1980 budget were to equal that for 1977, EEC membership would cost the UK £822m a year in budget terms alone. That is to say that Britons will be paying £15 a head net into the budget each year, Germans only £8, while Danes will be collecting £65. British income per capita is third lowest in the Community after the Irish and Italian. Hence the UK Government wishes for a reform of expenditure, not to bring incomes closer together—obviously that is far beyond the scope of a budgetary reform—but simply to eliminate one of many inequalities.

Trevor Humphries

Frieslans on a Dutch meadow—part of the EEC herd of 25m cows. On average each cow produces 4 tonnes of milk annually and costs £68 in Community subsidy a year.

At this point those who oppose the British, notably the French and Germans, argue that although the British position looks bad on the budget balance sheet, Britain actually does very well out of the EEC in broader economic terms. They say that the "green currency" system used to convert EEC common prices into national currencies allows it to keep farm prices, and hence consumer food prices, some 30 per cent below the EEC norm. The hefty subsidies (Monetary Compensatory Amounts) paid to traders elsewhere in the Community on their exports to Britain are really a means of keeping British prices artificially low, they say, at EEC expense. The British retort that by world standards their prices are artificially high and that buying food from the Community rather than low-cost producers such as Australia and New Zealand costs Britain billions of pounds every year.

This argument has been going on for years and neither side is listening to the other any longer. The British still look back to "world markets" as an index of normality, forgetting that opening the large British market to many commodities would drive world prices higher. The other eight, to whom the norm is the EEC common price, appear to consider any comparisons between the EEC and world prices irrelevant.

The strongest British argument for a reform of the CAP, and the one most likely to prove effective in the short term, is that it is wasteful. Even the EEC agricultural Ministers, who often behave like farm lobby delegates, have had to admit that Europe is producing more butter, sugar, and skim milk powder than it can offload, even to its own pigs, because of the open-ended guarantees of high prices given to Community farmers.

Farmers are being paid to produce directly for the intervention stockpiles, and yet more money is needed to subsidise dumping the surpluses on third country markets. Although the agriculture Ministers will protest, the chances are that pressure from their finance Ministers and heads of State may force them to accept a protracted price freeze on surplus commodities in the hope of bringing markets back into balance. Even Germany and Holland, major dairy producers with strong farm lobbies, appear ready to accept this if pressed.

Most EEC Ministers accept the desirability of bringing markets back into balance, but few are ready to take the political consequences of the sort of measures that would force the less competitive farmers off the land, particularly at a time of high industrial unemployment. In any case, merely freezing prices will not bring markets into balance nor reduce the cost of the CAP substantially while EEC prices remain double and triple those on world markets.

One of the more widely used arguments in support of the CAP as it stands, favoured in countries with large agricultural work forces, is that it is and should be as much a social policy — a giant job creation programme—as an agricultural one. This widely held belief is one of the biggest stumbling blocks to radical reform. The German version of this argument, as put forward in Bonn, runs something like this: "We cannot force our farmers off the land while we have no alternative employment to offer them. While they are on the land, we owe it to them to provide an income in line with industrial wages. We should be quite happy to pay national subsidies, but Community rules don't allow that. Therefore, with deep regret, we must continue to press for high price support."

This argument is partly valid. Knocking the more vulnerable small farmers off the land would have a limited effect on overall production. No Government can be expected to force its farmers off the land now or to abandon one of the main principles of the CAP—that EEC farmers should get a stable and satisfactory income. But to put forward guaranteed high prices as the only means of doing so is less reasonable.

In practice the argument hitches EEC farm prices to West German industrial expansion, because farm support prices are fixed in units of account based on the snake currencies, and hence they appreciate with the D-Mark. The rising trend is one that most EEC farmers, and the politicians they elect, have been glad to latch on to. They have been able to get away with it for more than a decade largely because food price cuts win few votes in continental Europe.

But the price mechanism is a blunt instrument of social policy. It is estimated that only a third of the money spent on price support reaches the farmer, the rest being siphoned off by dairy companies, wholesale butchers, and other middlemen. The bit that does go to the farmer necessarily gives more to the big producer, whose economies of scale make him less dependent on it, than to the smallholder working on tighter profit margins.

The EEC Commission, and in particular the agriculture commissioner, Mr. Finn Olav Gundelach, have fought hard to curb the rise in support prices over the past two years and the "prudent prices policy" to which they are committed looks likely to continue for at least another year. But when the Commission contemplates improving the CAP, what it has in mind falls far short of what the British want.

Saturation

Take for example milk. The British would like to see the dairy industry scaled down in countries with high production costs such as Germany and Holland—so that the lower cost British industry could be expanded. The Commission's latest proposals to bring the milk market back into balance envisage nothing of the kind, aiming at nothing more ambitious than "to stop the increase of production" rather than cutting it, even though production now exceeds consumption by around 16 per cent and consumption is at saturation point.

The Commission may be sensitive to criticism of CAP surpluses, but there is little to indicate that it sympathises with British demands for the radical reform needed to give Britain a bigger share of EEC spending. The Commission, in any case, sometimes appears more concerned with producing proposals likely to get through the Council of Ministers than with holding out for what it considers ought to be done. It will have its hands full getting the stringent proposals envisaged for next year's farm price review past the agriculture ministers. Winter is the time when EEC agriculture ministers start meeting in Brussels to raise farm prices and talk about reducing surpluses . . . .

Letters to the Editor

Monetary system

From Mr. J. Newman

Sir,—I must say that the politicians, civil servants, and clearing bankers who have commented so far on the European monetary system show a remarkable ignorance of the mechanics of speculation and betting.

The current EMS proposes almost unlimited EEC intervention against currency movements between the member currencies. If, therefore, one currency suffers speculative pressure caused by underlying unsatisfactory economic performance, the fact that the EEC will always intervene means that the speculator will be in a winning position. The costly interventions of the Bank of England in past sterling crises will be Common Market occurrences! To use an analogy, the central bankers of the EEC will not be behaving like their namesakes at the roulette table, but like men who have an infallible plan based on a grid of numbers. The only probability is that the scheme will fail.

As it happens, I feel that the underlying aim of the EMS is worthwhile: international trade demands a currency which is not at the mercy of U.S. processes. The only workable scheme here is one that worked in the historical unification of the currencies of Germany: a "parallel currency" has to be established. By this I mean that (say) 20 per cent of the EEC member States reserves should be placed behind a new European currency. The printing presses would have to roll to create notes of a suitably high denomination (say around £250 or DM1,000) and these notes would circulate freely throughout the EEC. On their issue by any central bank, notes to the same value of the local currency would have to be withdrawn. Very quickly businessmen in the member States would transact business in the new parallel currency and hopefully Gresham's Law would be reversed.

The inflation rate connected with the new currency would, I think, be a weighted average by activity of the inflation rates in each member State; so that in those States where governments allowed inflation to rise, the new currency would more rapidly replace the old. In the other States the reverse would apply so that a currency conversion / replacement programme would have to take place, e.g., each country would have to place increasing amounts of their reserves behind the new currency before monetary union is achieved.

John A. Newman,
21, Mincing Lane, EC3.

Creating jobs

From Mr. J. Dingle

Sir,—Your second leader of November 16 is critical of the Government's use of subsidies to create or preserve jobs, and you rightly observe that Government agencies active in promoting industrial "development" sometimes seem willing to take very great risks with taxpayers' money.

In the same issue, you report that the Government is going to give £52m to a gentleman who intends to make sports cars in Northern Ireland and that Rolls-Royce cannot get the machine tools it needs from the British machine tool industry.

As one with only a taxpayer's interest in sports cars, aero-engines and machine tools, I cannot help feeling that my elected representatives and their advisers would spend my money better —and at the same time would probably create more useful jobs more cheaply—if they supported the restructuring of machine tools production, rather than speculated in sports cars. Moreover, one has the impression that the machine tool industry's problems are symptomatic of several sectors of British industry, where what was once advanced technology has ossified, and become a refined ability to make things that nobody now wants.

The basic skills remain, the motivation to innovate could be revived, and it seems the Government is prepared to spend my money (and yours, Sir). Wouldn't is make more sense to spend it on rationalising key British industries—like machine tools—with a view to restoring their international competitiveness, and consequent capacity to generate both employment and profits?

John Dingle.
Suite 1, Harcourt House,
19a, Cavendish Square, W1.

Participative management

From Dr. Frank Heller

Sir,—Under the heading "Managers are afraid to take decisions" you report a very important statement from Professor Wilson's inaugural lecture at Cranfield. With his experience from senior positions at ICI, BOC and Babcock and Wilcox, the view that managers are unnerved by "all the talk of industrial democracy and participative management" must be taken seriously.

Research, however, has shown that such fears are based on mistaken premises. Successful participation in successful companies has avoided this dilemma and it is a pity that management is so reluctant to look at research findings before giving in to an upsurge of adrenalin. There is no pill but there is a cure based on a careful regimen if the symptoms are recognised early.

(Dr.) F. A. Heller,
The Tavistock Insitute of Human Relations.
The Tavistock Centre,
Belsize Lane, NW3.

Becoming a bank

From Mr. V. Treves

Sir,—I read with interest the November 15 Lombard column in which Michael Blanden draws attention to the disconcerting effect of one aspect of the Banking Bill while glossing over its consequence. Provision for licensed deposit-taking institutions (LTDI) to become recognised as banks is no more than avowed intent on the part of the legislators.

To qualify for recognition as a bank an institution must carry on banking business and have "standing in the financial community" that is, in the Bank of England's view, standing as a bank. Until it is recognised as a bank, an institution is not merely barred from using the word bank in its name, or even describing itself as a banker, but must also not "hold itself out as to indicate, or reasonably be understood to indicate, that it is a bank or banker or is carrying on a banking business."

This Catch 22 is relatively superficial and can certainly be remedied by modification of the provisions but there is a more profound cause of concern which is subtle and difficult to counter.

No bank may carry on its business, nor indeed develop its business, without dealing with other banks on a banker-to-banker basis. Entering into such a relationship is largely an act of faith and, where information is lacking, reliance is placed upon the opinion of other banks with closer knowledge. Boldness is not a banking virtue and a positive indication is essential to their trust.

The process of initiating a banker-to-banker relationship is a formal one and, until it is a recognised bank, it is unlikely that an LTDI's request for such consideration will be entertained by established banks.

Given these ground rules, candidates for recognised bank status, other than offspring of existing recognised banks on whom parental business and standing have been grafted, will need to develop their banking business, and achieve "standing," operating from a base outside the Act's jurisdiction. A British LDTI is unlikely to be permitted to do so.

How, I wonder, would Michael Blanden consider it possible to emulate the early achievements of those who founded and developed the banks which now comprise the top echelon of merchant banks and how would the Warburgs, Rothschilds and other achievers advise setting about it?

V. E. Treves.
Dowgate Hill House, EC4.

Transport in London

From Mr. N. Seymer

Sir,—What a pity, since he has taken the trouble to reply to my letter, that Horace Cutler (November 14) has not even attempted to answer any of the questions which I posed. He tells us that Greater London Council is proposing expenditure over the next 15 years of £1.1bn on a "road and industrial assistance" programme, and "a little less" on the public transport programme, excluding the Jubilee Line. Since the Jubilee Line would cost £280m, that means a total expenditure of around £1.3bn is proposed for public transport—i.e., about £85m per annum. We are not told exactly how much is proposed for roads; but we are nevertheless invited to accept that a "reasonable balance" is being kept between road and rail expenditure (or proposed expenditure).

Who, apart from Mr. Cutler, has pronounced the proposed balance to be the right one? Why, if massive road building is ruled out, has the GLC not paid more attention to the possibility of creating some very useful, but not very massive, "throughways" in place of some of London's little-used rail routes? And, since he assures me that the Woolwich rail tunnel can "stand on its own," could he please tell us how many passengers per day his transport planners estimate would use the proposed Thamesmead to Dalston rail route? Is it not the case that passengers at present using the North Woolwich-Stratford-Tottenham Hale route could be carried in a fleet of half a dozen buses using a rail-converted-to-road route?

Nigel Seymer.
15, Lansdowne Road, SW20.

By bus and train

From the Chief Passenger Manager British Railways Board

Sir,—Mr. Ian Hargreaves' article (November 16) on the subject of British Rail services in rural areas, gravely misrepresents the Board's position.

The Board has made no secret of the fact that it regards substitution of buses for rail services as an appropriate solution to the problem of uneconomic services in certain circumstances. Indeed, it enlarged on this view in "Opportunity for change" as long ago as July 1976.

Since that time the Government's White Paper on transport put forward certain proposals on how the future of this type of service might be decided. No decisions, however, have been reached as a result of the Government's proposals.

Naturally, we have continued to talk to bus operators about the possibilities in the long-term of this type of operation. It should be emphasised that it is the board's firm view that there should not be a further round of "Beeching"-type closures, but that the bus services, if introduced, should be fully integrated with the railway network.

It is, however, quite untrue to say that I have signed a paper—confidential or otherwise—which includes a list of services regarded as suitable for closure under such a scheme. There are many problems which would have to be resolved before any such list could be established. Of course, Government approval to any action would have to be obtained, and legislation would probably be required.

I hope that this letter will reassure those who may have been disturbed by Mr. Hargreaves' article that no closure programme does in fact exist.

P. A. Keen,
British Railways Board,
222, Marylebone Road, NW1.

Second choice

From the Archivist
The Bertrand Russell Archives

Sir,—In his article, "Public opinion be damned" (November 2), Samuel Brittan remarks that Bertrand Russell thought of taking up economics, "but decided it was too difficult." On the contrary, Russell wrote in 1948: "It seemed to me that philosophy, like poetry, is worthless if it is second-rate, whereas in economics much useful work can be done by men whose abilities are moderate. I therefore decided that if my dissertation were thought sufficiently well of I would become a philosopher: if not, an economist with a view to politics."

Kenneth Blackwell
McMaster University,
Mills Memorial Library,
1280 Main Street West,
Hamilton, Ontario

Goodness and beauty

From Mr. C. Gelvaris

Sir,—I sincerely hope that the gentleman attending the annual lunch of the British Compressed Air Society (Men and Matters, November 10) had second thoughts before telephoning his boatbuilder. While it is quite correct that the adjective "kalos" (good, beautiful) is spelt in Greek with one "l," the word "kallos" (of which Ms Stassinopoulos possesses plenty) simply is the noun within the same family, meaning "beauty, charm," and thus more suitable as a name than the slightly disconnected "kali."

If I had a boat I would rather have her looked at as an unequivocal object of beauty than possibly the symbol of a strange Mother Goddess, which could happen in the case of some less polyglot fellow seafarers.

Charles Gelvaris,
41, Belgrave Mews North, SW1.

Today's Events

GENERAL

TUC-Labour Party liaison committee meets at House of Commons.

Ford management and unions resume pay negotiations.

EEC Finance Ministers meet in Brussels to discuss European Monetary system.

Financial Times' two-day conference on World Insurance opens, Dorchester Hotel, London, under chairmanship of Mr. Ronald Peet (BIA chairman, chief executive Legal and General).

EEC Agricultural Council and Foreign Affairs Council start two-day meetings in Brussels.

British Airports Authority meeting in Glasgow to consider future of Prestwick, Glasgow and Edinburgh Airports.

ASEAN-EEC Foreign Ministers meet for two-day conference, Brussels.

Representatives from 25 Latin-American and Caribbean governments meet in Uruguay to prepare for negotiations with EEC.

Arts Council annual report published.

New 8½ per cent savings bond issued.

Westinghouse, U.S., summoned in new court case, Washington.

Exhibition of microfilm equipment, Unicorn Hotel, Bristol.

TUC finance and general purpose committee meets at Congress House, London.

British Cardiac Society two-day conference and exhibition opens at Wembley Conference Centre.

Schools Music Association—Greater London Music Festival, Royal Albert Hall.

Mr. Jeremy Thorpe and three others accused of conspiracy to murder appear at Minehead Magistrates' Court.

Sir Kenneth Cork, Lord Mayor of London, attends Byron Society's Chopin Commemorative Concert, Guildhall; and Gresham Dinner of the Mercers' Company, Ironmonger Lane.

PARLIAMENTARY BUSINESS

House of Commons: Companies Bill, Second Reading.

Select Committee—Expenditure Education, Arts and Home Office Sub-Committee. Subject: Women and the Penal System. Witnesses: Home Office. (Room 15, 4.15).

OFFICIAL STATISTICS

New construction orders for September from Department of the Environment. Turnover of the motor trades (3rd quarter) from the Department of Industry.

COMPANY RESULTS

Interim dividends: Fashion and General Investment, Rexmore, Ronner Holdings.

COMPANY MEETINGS

See Financial Diary on page 24.

SPORT

Motor Sport: RAC Rally.

Boxing: Young England v. U.S.A., London.

Snooker: Forward Chemicals Tournament—Doug Mountjoy v. John Spencer, Mansfield.

COMPANY NEWS

Lucas expects increased product demand overseas

THERE WILL be much opportunity for Lucas Industries in the year ahead but success will be related to the achievement of the group's customers, says Mr B. F. W. Scott, the chairman.

Prospects in Europe will be influenced by the outcome of events in the U.S. economy. However, the directors expect demand for the company's products from European customers to remain strong and important increases are expected. Similarly continued firm demand is anticipated in other overseas markets.

In the UK demand for cars has been good although unfortunately much of the increases has been met by imports, he comments.

At July 31, 1978 bank overdrafts and short-term loans were up £15.35m to £61.87m and net liquidity showed a fall of £24.1m, compared with £22m decline last time. Loan capital stood £5.42m lower at £45.01m but equity remained almost unchanged at £89.34m.

Employees' interest in the company through the Lucas Staff Pensions Trust, Lucas Works Pensions Trust and the Lucas Employees Shares Bank at November 3, 1978, remained unchanged over the year at 18 per cent.

At the annual meeting members will be asked to approve a reduction from 10 to five years in the qualifying period of employment for offers under the employees' savings related share option scheme.

On sales up at £971.17m (£886.07m) taxable profit for the year to July 31, 1978, was down £3.73m at £73.05m and the net dividend is raised to 9.1789 (8.22p) per £1 share—as reported November 7.

Restated in current cost terms along the Hyde Guidelines the surplus is cut to £38.63m by additional depreciation of £22.4m and extra cost of sales of £21.01m less a gearing adjustment of £8.99m.

Capital commitments amounted to £41.4m of which £11.48m had been authorised but not contracted.

A geographical analysis of sales shows: UK £502.18m (£508.05m); EEC £166.27m (£131.36m); other parts of Europe £51m (£55.51m); North America £41.27m (£30.98m); Central and South America £36.89m (£35.64m); Australasia £40.41m (£40.03m); Asia £41.36m (£38.33m), and Africa £31.55m (£25.55m).

BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interims—[illegible] SA Fashion and [illegible], Rexmore, Ropner Holdings.

Finals—[illegible] and New Zealand [illegible].

FUTURE DATES

Interims—

[illegible]	Nov. [illegible]
[illegible]	Nov. [illegible]
[illegible]	Dec. 21
[illegible]	Nov. [illegible]

Finals—

[illegible]	Dec. 5
[illegible] London Invest. Tst.	Nov. 29
[illegible]	Dec. 13
[illegible] Investment	Jan. 17

Morland rises to £958,509

ON TURNOVER ahead from £7.07m to £7.75m Morland and Co. increased pre-tax profits from £821,022 to £958,509 in the year to September 30, 1978.

When reporting pre-tax profits of £429,675 (£305,825) at the halfway stage, the directors of this brewer, wine and spirits merchant and mineral water manufacturer, said they expected steady growth to be maintained during the second half.

The final dividend of 8.9144p net lifts the total to 14.4144p (12.45p). Treasury approval has been obtained.

The company proposes to subdivide the ordinary £1 shares into four 25p shares, and to make a scrip issue of four new 25p shares for every £1 share.

Tax is £513,819, against £430,042. Extraordinary credits are £172,896, compared with £98,962.

Freddie Mansfield

Sir Alex Page, chairman of Metal Box, at the Acton open top factory where two-piece beverage cans are produced. The group makes more than 7bn food, beer and soft drink cans a year at 14 factories and is Europe's largest packaging manufacturer. (The group's interim results for 1978/79 are due to be announced tomorrow).

Radley Fashion's record orders

For the 13 months to May 19, 1978, profits before tax of Radley Fashion Group amounted to £199,117 against £205,881 in the year to April 19, 1977—the figures for that year have been adjusted to include the West German subsidiary.

Record orders have been taken for the Spring and with the additional production facilities arranged, the current year should show improved results, the directors say.

Earnings per share are shown at 17.83p or 16.40p annualised against 8.83p. The final dividend is 2.875p making a total of 4.3125p against 3.9375p.

Mr. and Mrs. Radley have again waived the final dividend on 473,907 shares.

The directors say the long delays being experienced from suppliers could not be made good, due to the very unfavourable summer weather. Consequently, turnover remained virtually static while costs inevitably increased, losses in the new West German subsidiary were substantially reduced so that profit, before exceptional items, shows little change.

In the current year, record Autumn orders were taken, but again long delays have been experienced from cloth suppliers and production sub-contractors are proving increasingly difficult to find. Steps have now been taken to increase the capacity of the Newcastle factory and arrangements have been made for additional production overseas.

	13 months 1977-78	Year 1976-77
	£	£
Turnover	[illegible]	[illegible]
Trading profit	[illegible]	[illegible]
Interest	[illegible]	[illegible]
Disposal premises, etc.	[illegible]	—
Profit before tax	**199,117**	**205,881**
Tax	—	[illegible]
Minorities	—	[illegible]
Unrequired tax	—	[illegible]
Terminal losses	23,547	—
Attributable	[illegible]	[illegible]
Dividends	27,705	[illegible]
To revenue reserve	[illegible]	[illegible]

Regent Inns cash rich after sales to Gulliver

Regent Inns has sold the 40-bedroom, multi-conference suite Watermill Hotel and adjacent White Horse Inn at Bourne End Hemel Hempstead to Gulliver Hotels for an undisclosed figure.

Mr. Michael Franks, chairman and managing director of Regent says that "this sale makes Regent a cash rich company. We are now actively looking at additional public houses, hotels and other companies within the trade."

Mr. Franks took over Regent in 1972 when it was running at a loss. It broke even in June 1976, made a profit of £37,000 for the year ending June 1977 and for 1977-78 turned in a profit of over £100,000.

Current year profit should be even better than last year.

Gomme aims for bigger slice of furniture market

IN addition to major building projects, the directors of Gomme Holdings have continued investing in the most advanced machinery available to the furniture industry, Mr. H. N. Sporborg, the chairman says in his annual report.

This is considered an essential element in the achievement of the group's prime objective of profitable growth, says Mr. Sporborg.

Referring to the start of operations at the new 25,000 sq ft factory in Wrexham, North Wales, the chairman says Gomme's share of the total UK furniture market has been comparatively small and the design of the group's products gives confidence to plan for an increase of this share.

This is the first stage in a major long-term development with plans already made for an additional 40,000 sq ft to be completed by mid-1979.

The directors also have an option to take a 99-year lease of land adjoining the Wrexham site and this would enable a further 150,000 sq ft to be built as required.

At first, cabinet furniture is being assembled in the new factory to enlarge and streamline existing production at High Wycombe and to enable the G-Plan range to be widened.

The new extension to the upholstery factory in Nelson has also been completed and this is now fully operational.

For the year ended July 29, 1978, profits before tax of the group amounted to £1.33m compared with £2.09m from turnover of £24.55m against £23.53m.

In the first quarter of the current year order intake has been over 30 per cent more than the same period last year and if this situation is maintained, better results for the year can be expected.

At October 26, 1978, Marley was interested in some 29.7 per cent of the group's capital. Meeting, High Wycombe, December 12 at 11 am.

H. & J. Hill in profit at halfway

From higher turnover of £1.84m against £1.13m, the H & J Hill Group has returned to profits in the first half of 1978 with £35,872 against a £67,153 deficit in the same period last year.

The directors have resumed dividend payments with a net interim of 0.5p—there were no dividends last year when an £230,000 loss was incurred.

The directors say trading during the third quarter this year was not as satisfactory as the first six months, but there are indications of an improvement in the final quarter.

Subsidiaries of the group trade in mining equipment making and drop forging.

Highland Distilleries

The price of new whisky fillings will need to go up if margins on them are not to be eroded altogether, says Mr. J. A. R. Macphail, the chairman of Highland Distilleries Company in his annual report.

It appears, he adds, that the current harvest, while good in volume terms, will not be of such high quality as last year. Despite this, prices are much firmer and it would appear inevitable that the price of new whisky fillings will need to be increased to protect margins.

Margins on the bottle side were helped by price increases for both home and export markets, but the chairman feels this can hardly be described as satisfactory, especially if the amount of cash required to fund sales is taken into account.

On the company's prospects Mr. Macphail says that subject to Government interference they continue to be good "with the Famous Grouse brand, backed by substantial promotion funds, showing every sign of continued growth."

The prospects for the industry as a whole he states are clouded by the continuing parallel exports which are doing a great deal of harm in export markets by greatly reducing the attractiveness of being a distributor for a Scotch whisky brand.

This problem with continuing discrimination by various governments, including a number of those in the Common Market, do not make matters any easier in the export field, "and if one adds the Australian Government's decision to increase the duty on Scotch whisky by 80 per cent the industry can be excused for feeling hard done by."

As reported on October 24 pre-tax profits for the year ending August 1978, rose from £3.35m to £4.08m. On the Current Cost Accounting basis pre-tax profits were reduced to £2.33m after adjustments of £1.8m for the additional cost of goods sold, £277,000 for additional depreciation and £242,000 for gearing.

The final dividend is 2.224p for a net total of 3.224p, against 2.8872p. A one-for-one scrip issue is proposed so that issued capital is brought more into line with capital employed. It is also proposed to raise the authorised capital from £9m to £12m to leave a reasonable margin of unissued capital.

Meeting, Glasgow, December 8 at noon.

Better trend at E. Jones (Contractors)

An improved trend at Edward Jones (Contractors) in the first half of 1978 cut the pre-tax loss to £67,000, compared with the £97,254 deficit for second six months of last year. At halftime in 1977 the company showed a surplus of £50,500.

Currently the group, which is active as building contractor, developer and plant hirer, is trading profitably and the directors expected the better trend to be maintained for the rest of the year.

A tax credit of £34,750, compared with a debit of £26,400, for the half-year left the net loss at £32,250 (profit £24,100).

FT Share Information Service

The following securities have been added to the Share Information Service appearing in the Financial Times:

Manor National Group Motors (Section: Motors). **Metramar Minerals** (Section: Overseas-Australia). **Sunbeam Wolsey** (Section: Textiles).

Clark Son & Morland warns of shortfall

The directors of Clark, Son & Morland, manufacturer of sheepskin products, report that profit for the current year will be very much affected by sales volume during the next few months, but at the moment profits are not expected to reach last year's £1m.

Footwear and coat sales to date, although reduced in volume, have achieved better margins than last year. This has been made possible by the company's strong market position, the directors state.

Sandhurst Marketing well ahead

In the current trading period of seven months to January 31, 1979, Sandhurst Marketing has produced an interim report for four months ended October 31, showing pre-tax profits of £110,500 on turnover of £1.52m.

Turnover is up 30 per cent against the same period last year and profits show an equally encouraging trend, says Mr. H. D. Hulme, the chairman.

He says the result underlines the forecast he has made that profits for the seven months will substantially exceed the £103,000 made in the six months to December 31, 1977.

Mr. Hulme says the greater profit is especially encouraging as July and August are traditional loss-makers for the group.

Earnings per share are shown at 2.129p (1.988p for six months) after tax of £57,500 against £53,500.

As expected, the directors do not intend to pay an interim dividend at this stage but intend to pay the maximum permitted for the seven months period in July next year.

It is also intended to pay an interim dividend in November, 1979, and a final in July, 1980, for the year ending January 31, 1980.

Negotiations with the Department of Industry in Cornwall with reference to the development there for Spectra Automotive and Engineering Products have now been finalised.

In addition to receiving the normal 20 per cent regional development grant on all capital expenditure, they have been able to negotiate a loan with the European Investment Bank of £455,000 at a fixed rate of interest of 8½ per cent for seven years, plus an interest relief grant payable to Spectra over a four-year period of £896,000. In addition, to this the Government will also pay 80 per cent of the removal expenditure, plus the provision of necessary housing facilities, etc. for key staff.

Spectra is currently running 57 per cent up on last year's turnover. All companies in the group are trading satisfactorily, the directors say.

MINING NEWS

BH South outlook optimistic

BH SOUTH, the Australian mining and investment house, expects the full benefits of the actions being taken now to restore its financial health to be reflected in 1979-80. The dividend position will be reviewed in 1978-79 and payments started again if possible, Mr. J. of Tyler, the chairman, told the annual meeting in Sydney.

The group has paid no dividends since 1974-75 and made a net loss of A$8.47m (£4.9m) in the year to last June following difficulties at Queensland Phosphate, a subsidiary which has since stopped production. It is seeking to improve its position by the sale of investments.

It hopes to raise A$70m from this sell-off, and Mr Tyler said the bulk of the funds will come from the sale of a 5.6 per cent stake in Alcoa of Australia. This will reduce BH South's holding to 10 per cent.

Defending this decision against shareholders' criticism, Mr Tyler said that other major investments would not realise the amount necessary if they were sold.

After the investment sales and the reduction of debt Mr Tyler estimated that BH South's dividend income would be at least A$8m a year.

BH South was the subject of an A$50m merger offer from North BH, an associate company. This had been rejected, Mr. Tyler told shareholders, because there did not appear to be any material advantage in the consolidation of interests.

The general tone of Mr. Tyler's comments about the immediate prospects for BH South was optimistic but he did say the position of Queensland Phosphate, which had caused all the trouble in the first place, is still unresolved. Some assets would be sold, some would be retained for the future and for other alternatives uses were being sought.

Roan position improves

ROAN CONSOLIDATED, the 51 per cent state-owned Zambian copper producer, yesterday announced a Kwacha 0.78m (£0.5m) net profit for the quarter ending September 30, 1978 compared with a net loss of K9.53m in the corresponding quarter of last year, reports **Michael Holman from Lusaka.**

Finished copper production for the September quarter was 77,797 tonnes, up 6,000 tonnes on the preceding quarter. But problems on the export route through the Tanzanian port of Dar-es-Salaam restricted the tonnage sold in the September quarter to 70,586 tonnes.

A company spokesman described the profit level as "barely sufficient" to meet RCM cash needs and no dividend has been declared for the quarter. He added that future production might be adversely affected by continued shortages of foreign exchange and the loss of skilled employees.

These fears are echoed in the company's annual report released this week. It refers to "an alarmingly high resignation rate among skilled and experienced personnel." Some 4,000 expatriates are employed by RCM and the other state-owned producer, Nchanga Consolidated Copper, at least 500 under establishment. RCM shares were 70p.

PATINO EXTENDS SHARE OFFER

Patino, the Netherlands-based minerals group, is extending its offer of C$20.125 (873p) a share for its own stock until December 20. The offer was made through the Toronto and Montreal stock exchanges last September.

The group is seeking to buy 657,250 shares, about 15 per cent of the equity, not held by itself or affiliates in an attempt to go private. By November 15, 110,707 shares had been purchased.

This is the second time the offer has been extended. The reason has been the same in each case. The dissemination of offer material and the receipt of responses from shareholders have been hampered by the recent Canadian postal strike.

مكتبة الأصيل

INTERNATIONAL COMPANY NEWS

Final dividend endangered by Smith Sugar setback

BY RICHARD ROLFE

JOHANNESBURG, Nov. 19.

IN LINE with the depressed state of the world's sugar market, the interim figures from the Durban-based C. G. Smith Sugar for the six months to end-September are well below those for the previous year.

Operating profit fell from R10.9m to R8.1m ($9.3m), and dividend income from R1.4m to R1.1m.

After tax and minority interests and with higher preference dividends, reflecting last year's issue of Preference shares, net attributable profit is down from R7.6m to R5.1m ($5.9m).

Earnings per share fell from 53 cents to 35 cents, and although the interim dividend has been maintained at 20 cents, the Board says that the final payment, 55 cents last year, is not expected to be maintained.

C. G. Smith Sugar last year absorbed Illovo Sugar Estates, the local associate of Tate and Lyle, to become the largest South African sugar producer.

By contrast, C. G. Smith Investments which holds 56 per cent of the textile group, Romatex, 31 per cent of C. G. Smith Sugar and one-third of the income of Huletts, the sugar producers reported profits up from R9.9m to R14.1m, pretax for the same period.

Earnings per share rose from 15 cents to 19 cents, and the interim dividend was pegged at 6 cents.

The consolidation of Romatex, profits of which rose sharply for the period, and the maintained sugar company interim dividends account for the improved results.

Success for Flick tender

NEW YORK, Nov. 19.

FRIEDRICH FLICK Group's $35-a-share tender offer for 7.3m common shares of W. R. Grace, attracted about 22.3m shares, a preliminary count showed.

Thus, said Merrill Lynch, Pierce, Fenner and Smith, the dealer/manager for the offer, the West German company will accept about 33 per cent of the tendered shares. Including fees and expenses, the offer is valued at $258m.

The offer, which expired last Thursday, was aimed at increasing the Flick stake in Grace to 31 per cent from 12 per cent. Even before the offer, Flick, which has interests in automobiles, steel, machinery, paper and chemicals, was Grace's biggest shareholder. Grace is a diversified chemical and fertilizer producer with interests in consumers businesses and natural resources.

AP-DJ

Late upturn at Kerr-McGee

CHICAGO, Nov. 19.

KERR-McGEE CORPORATION expects fourth quarter earnings to be higher than the year earlier $1.03 a share, Mr. Dean A McGee, the chairman, said in an interview here.

It was doubtful whether the gain would be sufficient to offset a 15.5 per cent drop in nine-month net and to put earnings for all of 1978 ahead of last years $4.61 a share, he added.

But he predicted that the upward trend in earnings would continue and said that if it does, the directors would consider a dividend increase. The quarterly rate was raised to the present 31½ cents in the second quarter of 1976.

After declines of 30 per cent and 36 per cent in the first two quarters of this year, earnings rose 31 per cent in the third quarter, primarily because of higher gas production in the Gulf of Mexico.

Natural gas production in the Gulf of Mexico will show a sharp increase in this year's second half.

Five wells in a new field offshore Louisiana that went on stream in July were producing 102.5m cubic feet of gas a day at the end of October. The group owns 50 per cent of four of the wells and a 25 per cent interest in the fifth.

The recently enacted Energy Law will have a favourable impact on gas earnings and that the company should have a substantial amount of "new" gas that can be sold at increased prices.

Petroleum marketing and refining earnings have improved with the recent strength in gasoline demand and prices. Demand nationally was up 3.3 per cent from a year earlier in October, the American Petroleum Institute has stated.

Mr. McGee said that 1978 petroleum earnings will be above last year's $76.5m. Offshore contract drilling earnings will be up.

Reuter

Triumph Intertrade

THE SWISS company, Triumph Intertrade AG, of Zurzach, is to float a capital market issue of SwFr 15m reports John Wicks from Zurich. Proceeds from the issue, which will be in the form of 3¾ 12 year bonds, will go towards the consolidation of the financial structure of the Triumph International group.

Bank of America sees 10% gain in Asia

TOKYO, Nov. 19.

BANK OF AMERICA will expand the overall volume of its Asian business next year, despite its reluctance to participate in syndications with "rock-bottom spreads," the Bank's senior officer in the region said.

"We hope to increase our profits in the Asia division by 10 per cent," Mr. James B. Wiesler, executive vice president, Asia, commented in an interview with the Asian Wall Street Journal. "We suspect that the brightest part of our growth prospects is in south east Asia, seen over the next five years."

While the San Francisco-based bank, the world's largest in terms of assets, may continue to ignore invitations to participate in low-spread syndications, it expects to generate its anticipated growth from other lines of business, such as foreign-trade financing, foreign-exchange transactions and commercial loans to non-sovereign borrowers.

The bulk of the business will come from South Korea, Taiwan, the Philippines, Malaysia, Singapore and Hong Kong, whose economies are still growing at respectable rates.

As a result of the disinterest of many U.S. banks in lending at rates that barely cover the cost of their funds, Mr. Wiesler predicted that Japanese and European banks would increase their share of the eurodollar syndication market next year.

U.S. banks are finding better opportunities at home because of an increasing demand for credit. Bank of America, for one, is developing an "extremely profitable" business in the operation of its wide branch network in California and in supplying the demand for real estate and consumer loans.

Though European borrowers have nailed down the lowest spreads seen in the market—a mere ¼ per cent over London Interbank Rates in the case of a recent British utilities loan—some of the recent syndications for Asian countries were priced "almost as low compared to the risks involved."

AP-DJ

Currency, Money and Gold Markets

Whither the gold price?

BY COLIN MILLHAM

Gold appears to be going through a very sensitive period at present, and some speculators undoubtedly had their fingers burned last week, as the price fell from $210½ at the close on Monday to $196 on Thursday. The fall of $14½ in three trading days can also be set alongside a loss of almost $50 from the record level of $245½ at the end of last month. If these conditions remains unclear, but along with the dollar's improvement is a major factor behind the metal's recent fall.

The dollar's performance has been the major influence on gold over the last few months, and this is likely to remain the case.

As the dollar has improved so the price of gold has fallen, and the market now awaits the next U.S. Treasury auction tomorrow, when 750,000 ounces will be offered for sale. Thereafter 1.5m ounces will be auctioned by the U.S. each month, and this coupled with the monthly gold sales of the International Monetary Fund, is expected to put some strain on the market over the next year. In 1979 the U.S. Treasury and IMF will supply about 22m ounces of gold, which is roughly equal to the annual production of South Africa. In the first nine months of this year South Africa produced 17.1m ounces of gold, compared with 16.9m during the same period of 1977. On October 18 the U.S. sold only 300,000 ounces at an average price of $229.39, which is quite a difference from the 1.5m ounces to be offered from December.

The final outcome of all this gold coming to the market prevail it is hard to see any recovery back around the $250 level in the next few months.

The nervousness surrounding gold led to a rise in the premium on domestic krugerrands towards the end of last week. The domestic price of the coins rose to £107½-108½ on Friday, a premium of 5 per cent over gold, compared with £103-£104 on Thursday, a premium of around 3 per cent. Worldwide sales of krugerrands have doubled this year, touching 4.31m coins in the first ten months, against 3.2m during the same period last year. Total annual sales are likely to be a record.

GOLD

	Nov. 17	Nov. 16
Gold Bullion (a fine ounce)		
Close	$198¼-199	$196¾-198¼
Opening	[illegible]	[illegible]
Morning fixing	[illegible]	[illegible]
Afternoon fixing	[illegible]	[illegible]
Gold Coins domestically		
Krugerrand	[illegible]	[illegible]
New Sovereigns	[illegible]	[illegible]
Old Sovereigns	[illegible]	[illegible]
Gold Coins internationally		
Krugerrand	[illegible]	[illegible]
New Sovereigns	[illegible]	[illegible]
Old Sovereigns	[illegible]	[illegible]
$20 Eagles	[illegible]	[illegible]
$10 Eagles	[illegible]	[illegible]
$5 Eagles	[illegible]	[illegible]

CURRENCY RATES

November 17	Special Drawing Rights	European Unit of Account
Sterling	[illegible]	[illegible]
U.S. dollar	[illegible]	1.31586
Canadian dollar	1.50289	1.54634
Austrian schilling	17.3876	18.3957
Belgian franc	[illegible]	[illegible]
Danish krone	[illegible]	[illegible]
Deutsche Mark	[illegible]	[illegible]
Guilder	[illegible]	[illegible]
French franc	[illegible]	[illegible]
Lira	[illegible]	[illegible]
Yen	[illegible]	[illegible]
Norwegian krone	[illegible]	[illegible]
Peseta	[illegible]	[illegible]
Swedish krona	[illegible]	[illegible]
Swiss franc	[illegible]	[illegible]

THE DOLLAR SPOT

November 17	Day's spread	Close
Canad'n $*	84.86-85.09	85.06-85.09
Guilder	2.0590-2.0820	2.0790-2.0810
Belgian Fr	29.90¼-30.24	30.22-30.24
Danish Kr	5.2600-5.3140	5.3115-5.3140
D-Mark	[illegible]	[illegible]
Port. Esc	[illegible]	[illegible]
Span. Pta	[illegible]	[illegible]
Lira	[illegible]	[illegible]
Norwgn. Kr	[illegible]	[illegible]
French Fr	[illegible]	[illegible]
Swedish Kr	[illegible]	[illegible]
Yen	[illegible]	[illegible]
Austria Sch	[illegible]	[illegible]
Swiss Fr	[illegible]	[illegible]

* U.S. cents per Canadian $.

FORWARD AGAINST $

	One month	p.a.	Three months	p.a.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

THE POUND SPOT

Nov. 17	Bank rate %	Day's Spread	Close
[illegible]	[illegible]	[illegible]	[illegible]

Belgian rate is for convertible francs. Financial franc [illegible].

FORWARD AGAINST £

	One month	% p.a.	Three months	% p.a.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Six-month forward dollar [illegible] pm. 12-month [illegible] pm.

OTHER MARKETS

Nov. 17	£	$		£ Note Rates
Argentina Peso	[illegible]	[illegible]	Austria	[illegible]
Australia Dollar	[illegible]	[illegible]	Belgium	[illegible]
Finland Markka	[illegible]	[illegible]	Denmark	[illegible]
Brazil Cruzeiro	[illegible]	[illegible]	France	[illegible]
Greek Drachma	[illegible]	[illegible]	Germany	[illegible]
Hong Kong Dollar	[illegible]	[illegible]	Italy	[illegible]
Iran Rial	[illegible]	[illegible]	Japan	[illegible]
Kuwait Dinar (KD)	[illegible]	[illegible]	Netherlands	[illegible]
Luxembourg Franc	[illegible]	[illegible]	Norway	[illegible]
Malaysia Dollar	[illegible]	[illegible]	Portugal	[illegible]
New Zealand Dollar	[illegible]	[illegible]	Spain	[illegible]
Saudi Arabia Riyal	[illegible]	[illegible]	Switzerland	[illegible]
Singapore Dollar	[illegible]	[illegible]	United States	[illegible]
South African Rand	[illegible]	[illegible]	Yugoslavia	[illegible]

Rate given for Argentina is free rate.

EXCHANGE CROSS RATES

Nov. 17	Pound Sterling	U.S. Dollar	Deutsche Mark	Japanese Yen	French Franc	Swiss Franc	Dutch Guilder	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	1.930	3.710	377.0	8.510	3.320	4.015	1635	2.265	58.40
U.S. Dollar	0.518	1.	1.923	195.4	4.410	1.721	2.081	847.4	1.174	30.27
Deutsche Mark	0.270	0.520	1.	101.6	2.294	0.895	1.082	440.7	0.611	15.74
Japanese Yen 1,000	2.653	5.118	9.841	1000.	22.57	8.806	10.65	4337	6.009	154.9
French Franc 10	1.175	2.267	4.360	443.0	10.	3.901	4.718	1921.	2.662	68.63
Swiss Franc	0.301	0.581	1.117	113.6	2.563	1.	1.209	492.5	0.682	17.59
Dutch Guilder	0.249	0.481	0.924	93.90	2.120	0.827	1.	407.2	0.564	14.55
Italian Lira 1,000	0.612	1.180	2.269	230.6	5.205	2.031	2.456	1000.	1.385	35.72
Canadian Dollar	0.441	0.852	1.639	166.4	3.757	1.466	1.772	721.8	1.	25.78
Belgian Franc 100	1.712	3.304	6.353	645.5	14.57	5.685	6.876	2800	3.879	100.

MONEY RATES

NEW YORK

Prime Rate	10¾-11
Fed Funds	9.625
Treasury Bills (13-week)	8.08
Treasury Bills (26-week)	9.04

GERMANY

Discount Rate	3
Overnight	3.75
One month	3.80
Three months	3.80
Six months	3.90

FRANCE

Discount Rate	9.5
Overnight	6.875
One month	6.875
Three months	[illegible]
Six months	7.375

JAPAN

Discount Rate	3.5
Call (Unconditional)	[illegible]
Bills Discount Rate	[illegible]

LONDON MONEY RATES

Nov. 17 1978	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount market deposit	Treasury Bills ⊕	Eligible Bank Bills ⊕	Fine trade Bills ⊕
Overnight	—	7-12	—	—	—	12¼	10-11¾	—	—	—
2 days notice	—	—	11⅞-12	—	—	12¼	—	—	—	—
7 days or	—	11¾-12¼	12-12⅛	—	12½	—	11½-11¾	—	—	—
7 days notice	—	12⅛-12¼	11⅞-12⅛	12-12⅜	12½	12⅜	12	11⅛	12⅛	12½
One month	12¼-12⅜	12⅛-12⅜	—	12⅛-12⅜	13½	12⅝	12	11⅝-11¾	12⅛	12⅝
Two months	12¼-12⅛	12⅜-12⅝	—	12⅛-12⅜	12⅝	—	12	[illegible]	12	12¾
Three months	12¼-12⅛	12¼-12⅝	12⅛-12¼	11¾-12	12⅝	—	—	—	11⅞-11⅞	13
Six months	12⅛-11⅞	12⅛-12¼	11⅞-12¼	11½-11¾	12⅝	—	—	—	—	—
Nine months	11¾-11⅝	11¾-11⅞	—	11½-11¾	12¼	—	—	—	—	—
One year	11⅞-11¾	11¾-11⅞	11½-11⅞	11½-11¾	—	—	—	—	—	—
Two years	—	—	12-12½	—	—	—	—	—	—	—

Local authority and finance houses seven days' notice, others seven days' fixed. *Longer-term local authority mortgage rates nominally three years 12¼-12⅜ per cent; four years 12⅝-12⅞ per cent; five years 12⅞-13 per cent. ⊕ Bank bill rates in table are buying rates for prime paper. Buying rate for four-month bank bills 11 15/16 per cent; four-month trade bills 12⅞ per cent. Approximate selling rates for one-month Treasury Bills 11⅛ per cent; and two-month 11⅜-11½ per cent; three-month 11½-11⅝ per cent. Approximate selling rate for one-month bank bills 11⅞ per cent; two-month 11⅞ per cent; and three-month 11 11/16 per cent; one-month trade bills 12⅛ per cent; two-month 12⅛ per cent; and also three-month 12¾ per cent. Finance House Base Rates (published by the Finance Houses Association) 12 per cent from November 1, 1978. Clearing Bank Deposit Rates for small sums at seven days' notice 10 per cent. Clearing Bank Base Rates for lending 12½ per cent. Treasury Bills: Average tender rates of discount 11.7296 per cent.

UK PENDING DIVIDENDS AND ISSUES

The dates when some of the more important company dividend statements may be expected in the next few weeks are given in the following table. Dates shown are those of last year's announcements, except where the forthcoming board meetings (indicated thus*) have been officially published. It should be emphasised that the dividends to be declared will not necessarily be at the amounts or rates per cent shown in the column headed "Announcement last year." Preliminary profit figures usually accompany final dividend announcements.

	Date	Announcement last year		Date	Announcement last year
*Airfix Inds	Nov. 28	Int. 1.229	K Shoes	Dec. 13	Final 1.5
*Akroyd and Smithers	Nov. 23	[illegible] 754	*Lindustries	Dec. 21	Int. 3.0
*AB Foods	Dec. 14	Int. 0.7955	Linfood	Dec. 20	Int. 3.0
Associated Communications	Dec. 8	Int. [illegible]	Lloyds and Scottish	Dec. 20	Final 1.4955
Associated Dairies	Dec. 14	Int. 0.45	Lyons (J.)	Dec. 8	Int. 2.668
*Associated Newspapers	Nov. 22	Int. [illegible]	MEPC	Nov. 30	Final 1.7
*ANZ Banking	[illegible]	[illegible]	NE Electric	Nov. 27	Int. 2.98
*Avon Rubber	[illegible]	[illegible]	*Metal Box	Nov. 21	Int. 6.6
BOC Intnl.	[illegible]	[illegible]	Mowlem	[illegible]	[illegible]
*BPB Industries	[illegible]	[illegible]	National and Comml. Bnkg	[illegible]	[illegible]
*Barlow Rand	[illegible]	[illegible]	*Norcros	[illegible]	[illegible]
*Bass Charrington	[illegible]	[illegible]	*Northn. Foods	[illegible]	[illegible]
Berry Wiggins	[illegible]	[illegible]	*Metal Box	[illegible]	[illegible]
Borthwick (Thos.)	[illegible]	[illegible]	*Powell Duffryn	[illegible]	[illegible]
*Brit. and Comm. Shipping	[illegible]	[illegible]	*Prop. Hldgs.	[illegible]	[illegible]
*Brit. Sugar	[illegible]	[illegible]	*Racal	[illegible]	[illegible]
*Brockhouse	[illegible]	[illegible]	*Redland	[illegible]	[illegible]
Capital and Counties Prop.	[illegible]	[illegible]	*RMC Group	[illegible]	[illegible]
*Courtaulds	[illegible]	[illegible]	*Sears	[illegible]	[illegible]
*Daily Mail and General Tst	[illegible]	[illegible]	Smith Inds	[illegible]	[illegible]
Dawson International	[illegible]	[illegible]	Std. Chartered Bank	[illegible]	[illegible]
Distillers	[illegible]	[illegible]	Swan Hunter	[illegible]	[illegible]
Dobson Park Inds.	Dec. 11	Final 1.209	*Tesco	Nov. 22	Int. 0.7044
Fitch (B.)	Dec. 5	Int. 2.438	Trafalgar House	Dec. 14	Final 2.62
*French Kier	Nov. 21	Int. 0.75	Tunnel Hldgs.	Nov. 23	Int. 3.25
Genl. Electric	Dec. 6	Int. [illegible]	UBM Intnl	Dec. 1	Int. 2.95
Gt. Univ. Strs.	Dec. [illegible]	Int. [illegible]	Unigate	Dec. 13	Int. [illegible]
*Guinness (A.)	Dec. 15	Final 4.647	Whitbread Investment	Nov. 28	Int. [illegible]
Guthrie Corpn.	Dec. 14	Int. 8	Wilkinson Match	Dec. 15	Int. [illegible]
Hall (Matthew)	Dec. 5	Int. [illegible]			
*Hambros	[illegible]	Int. [illegible]			
Hanson Trust	Dec. 7	Final [illegible]			
ICI Gas	Dec. 12	Int. 4			
ICL	Dec. 15	Final 4.625			
Johnson-Richards (H. and R.)	Dec. 14	Int. [illegible]			

* Board meetings intimated. † Rights issue since made. ‡ Tax free. § Scrip issue since made from reserves.

BASE LENDING RATES

A.B.N. Bank	12½%	■ Hambros Bank	12½%
Allied Irish Banks Ltd.	12½%	■ Hill Samuel	§12½%
American Express Bk.	12½%	C. Hoare & Co.	†12½%
Amro Bank	12½%	Julian S. Hodge	13½%
A P Bank Ltd	12½%	Hongkong & Shanghai	12½%
Henry Ansbacher	12½%	Industrial Bk. of Scot.	10 %
Associates Cap. Corp.	12½%	Keyser Ullmann	12½%
Banco de Bilbao	12½%	Knowsley & Co. Ltd.	14½%
Bank of Credit & Cmce.	12½%	Lloyds Bank	12½%
Bank of Cyprus	12½%	London Mercantile	12½%
Bank of N.S.W.	12½%	Edward Manson & Co.	13½%
Banque Belge Ltd.	12½%	Midland Bank	12½%
Banque du Rhone	13 %	■ Samuel Montagu	12½%
Barclays Bank	12½%	■ Morgan Grenfell	12½%
Barnett Christie Ltd.	13½%	National Westminster	12½%
Bremar Holdings Ltd.	13½%	Norwich General Trust	12½%
Brit. Bank of Mid. East	12½%	P. S. Refson & Co.	12½%
■ Brown Shipley	12½%	Rossminster	12½%
Canada Perm't Trust	12½%	Royal Bk. Canada Trust	12½%
Cayzer Ltd.	12½%	Schlesinger Limited	12½%
Cedar Holdings	12½%	E. S. Schwab	13½%
■ Charterhouse Japhet	12½%	Security Trust Co. Ltd	13½%
Choulartons	12½%	Shenley Trust	14 %
C. E. Coates	12½%	Standard Chartered	12½%
Consolidated Credits	12½%	Trade Dev. Bank	12½%
Co-operative Bank	*12½%	Trustee Savings Bank	12½%
Corinthian Securities	12½%	Twentieth Century Bk.	13½%
Credit Lyonnais	12½%	United Bank of Kuwait	12½%
Duncan Lawrie	12½%	Whiteaway Laidlaw	13 %
The Cyprus Popular Bk.	11½%	Williams & Glyn's	12½%
Eagil Trust	12½%	Yorkshire Bank	12½%
English Transcont.	12½%		
First Nat. Fin Corp.	12 %		
First Nat. Secs. Ltd.	12 %		
■ Antony Gibbs	12½%		
Greyhound Guaranty	12½%		
Grindlays Bank	‡12½%		
■ Guinness Mahon	12½%		

■ Members of the Accepting Houses Committee.
* 7-day deposits 10%, 1-month deposits 10%.
† 7-day deposits on sums of £10,000 and under 10%, up to £25,000 10½%, and over £25,000 10¾%.
‡ Call deposits over £1,000 10%.
§ Demand deposits 10%.

RECENT ISSUES

EQUITIES

Issue Price p	Amount Paid Up	Latest Renunc. Date	1978 High	1978 Low	Stock	Closing Price p	+ or −	Div.	Times Covered	Gross Yield	P/E Ratio
42½	F.P.	24/11	45	45	Armitage Hldgs.	45		[illegible]	2.4	8.8	6.9
A$0.50	F.P.	—	70	64	Ashton Mining 50c.	66	−2	—	—	—	—
101	F.P.	22/11	360	345	Ferranti New	362		[illegible]	11.9	2.4	9.6
44	F.P.	—	122	100	Rightwise	115		—	—	—	4.7

FIXED INTEREST STOCKS

Issue Price £	Amount Paid Up	Latest Renunc. Date	1978 High	1978 Low	Stock	Closing Price £	+ or −
[illegible]	F.P.	—	[illegible]	[illegible]	Anglesey Variable 1983	[illegible]	
£100	£10	[illegible]	[illegible]	[illegible]	Bristol Waterworks [illegible]	[illegible]	
£100	F.P.	[illegible]	[illegible]	[illegible]	Crown House 10% Conv. [illegible]	105	[illegible]
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	Newman Inds 10½% Acc. Pref.	[illegible]	
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	Pro Laundries [illegible]	[illegible]	
[illegible]	£10	[illegible]	[illegible]	[illegible]	Rickmansworth & Uxbridge Water 7% Pref.	[illegible]	
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	Rightwise 10½% Conv. Uns. Ln.	125	
£99¼	£50	[illegible]	[illegible]	[illegible]	Southwark Corp. 12¾% Red. 1986	[illegible]	[illegible]
£99¼	£10	[illegible]	[illegible]	[illegible]	West Kent Water 7% Pref. [illegible]	[illegible]	

"RIGHTS" OFFERS

Issue Price p	Amount Paid Up	Latest Renunc. Date	1978 High	1978 Low	Stock	Closing Price p	+ or −
30	F.P.	[illegible]	[illegible]	[illegible]	Asbury & Madeley	66	
55	F.P.	[illegible]	[illegible]	[illegible]	Blackwood Hodge	57	
350	Nil	[illegible]	[illegible]	[illegible]	[illegible] Brown [illegible]	[illegible]	[illegible]
67	Nil	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
12	F.P.	[illegible]	[illegible]	[illegible]	[illegible]	14	[illegible]
88	F.P.	[illegible]	[illegible]	[illegible]	[illegible] & Harvey	110	
74	Nil	[illegible]	[illegible]	[illegible]	Newman Inds	[illegible]	
155	F.P.	[illegible]	[illegible]	[illegible]	[illegible]	170	

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimate. g Assumed dividend and yield. u Forecast dividend; cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1979. q Gross. T Figures assumed. * Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price to public. pt Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation, merger or takeover. ‖‖ Introduction. □ Issued to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ★ With warrants.

WEEK'S FINANCIAL DIARY

The following is a record of the principal business and financial engagements during the week. The Board meetings are mainly for the purpose of considering dividends and official indications are not always available whether dividends concerned are interims or finals. The sub-divisions shown below are based mainly on last year's timetable.

TODAY

COMPANY MEETINGS—
Empress Services, 39, Cromwell Rd., Stevenage 10
Forward Technology Ind., 76, Shoe Lane, E.C., 12

BOARD MEETINGS—
Finals:
Australia and New Zealand Bank [illegible]
Interims:
Brasilvest SA
Fashion and General Invest
Rexmore
Ropner

DIVIDEND & INTEREST PAYMENTS—
Atlantic Assets Trust 0.4p
Caterpillar Tractor 52 cts.
Exchequer 12pc 1998 £6.16
Glosson (W. & J.) 1.6125p (includes supplementary distribution of 0.0353p o.a. yr. 31.1.78)
Hay (Norman) 1.5p
Manders 0.904p
Midland Intl Finance Services B.V. $U.S.44.24
Minet 2.232244p (includes supplementary distribution of 0.019264p o.a. yr. 1977)
Nolton 1.73p
Rentokil 0.72p
Sanderson Murray & Elder 3.4638
Wood & Sons 0.67p

TOMORROW

COMPANY MEETINGS—
Assam Trading, Victoria Hse., Vernon Place, W.C., 12
Footwear Ind. Invs., Winchester Hse., Old Broad St., E.C., 12
Rediffusion Television, Strathay H.o., W., 10.30
Sharpe (Charles), Boston, [illegible], Lincs 12

BOARD MEETINGS—
Finals:
Allied Breweries
Atlanta Baltimore and Chicago Regional Invest.
Dupie Intl.
Hambros
Wade Potteries
Yorks and Lancs Invest. Tst.
Interims:
Belgrave (Blackheath)
Black Arrow
Braemar Trust
Evans of Leeds
Grampian TV
London and Lennox Tst.
Metal Box
Reardon Smith Line
Somportex
The Times Veneer

DIVIDEND & INTEREST PAYMENTS—
Agricultural Mortgage Corp. 5pc Dbs. 1979-83 2½pc
Do. [illegible] Dbs 1975-78 [illegible]
Armstrong Equipment 1.4648p
Brycourt Invs. 1.55p
Bulgin (A. F.) Ord. A & 0.423p
Corp. of London [illegible] 1976-79 [illegible]
Do. 7pc 1979-81 3½pc
Elder Smith Goldsbrough Mort 10cts.
Nyasaland 6pc 1976-79 3pc
Sharpe (Charles) Ord. 17.76p

WEDNESDAY NOVEMBER 22

COMPANY MEETINGS—
Barratt Devs., Savoy Hotel, W.C., 12
B.P.M., 28, Colmore Circus, Queensway, Birmingham, 12.30
Dawney Day, Gerrard Hse., [illegible] Gresham St., E.C., 11.30
Fisons, Fison Way, Thetford, Norfolk, 11.45
Galliford Brindley, Peel Hse., Coventry, 12.30

BOARD MEETINGS—
Finals:
Barton Transport
Fisher (Albert)
Fourth City and Commercial Invest. Tst.
Interims:
Allen (Edgar) Balfour
Anderson Strathclyde
Associated Newspapers
Bulmer and Lumb
Century Oils
[illegible]
Courtaulds
Feltex (John)
Intl. Paint
MK Electric
Molins
Monks Invest. Tst.
Pyramid Grp. (Publishers)
Tesco

DIVIDEND & INTEREST PAYMENTS—
Alliance & Dublin Consumers' Gas Corp. 1.3p
Beaconsfield 6½pc Bds. Red. 22.11.78 £3.5505
Braintree 6½pc Bds. Red. 22.11.78 £3.5505
Brentwood 6½pc Bds. Red. 22.11.78 £3.5505
Brighton 6½pc Bds. Red. 22.11.78 £3.5505
Bromley 6½pc Bds. Red. 22.11.78 £3.5505
Chersonese (F. M. S.) Ests. 0.45
Copeland 6½pc Bds. Red. (22.11.78) £3.5505
Ellis & Goldstein 0.983352p (includes supplementary distribution of 0.013352p o.a. yr. 1977)
Hertfordshire 5½pc Red. 1978-80 2¾pc
Kirklees 6½pc Bds. Red. 22.11.78 £3.5505
New Forest 6½pc Bds. Red. 22.11.78 £3.5505
Northampton 6½pc Bds. Red. 22.11.78 £3.5505
Rhymney Valley 6½pc Bds. Red. 22.11.78 £3.5505
Rochdale 6½pc Bds. Red. 22.11.78 £3.5505
Rotherham 6½pc Bds. Red. 22.11.78 £3.5505
Sefton 6½pc Bds. Red. 22.11.78 £3.5505
Sidroy Cancellation of [illegible] Uns. Ln. 1986-91 for £45pc cash plus 80 Ord. shares in U.U. Texas
S. Glamorgan 6½pc Bds. Red. 22.11.78 £3.5505
Southwark 6½pc Bds. Red. 22.11.78 £3.5505
Staffordshire 6½pc Bds. Red. 22.11.78 £3.5505
Walker (C. & W.) 2.75p

THURSDAY NOVEMBER 23

COMPANY MEETINGS—
Canseals, 27, Hill St., W., 12
Garton Ltd., Prince of Wales Hotel, Southport, 11
Oceana Cons., 18, Finsbury Circus, E.C., 11
Wyatt Woodrow, Winchester House, Old Broad Street, E.C., 11.30

BOARD MEETINGS—
Finals:
Akroyd and Smithers
Anglo Amer. Con. of SA
Brockhouse
Gleeson (M. J.) Contractors
Hays Wharf
Messina (Transvaal) Dev.
Scottish Invest. Tst.
Sterklake
Interims:
Allied Leather
Brunning
Capital and Counties Prop.
Dartmouth Invests
Dunhill (Alfred)
French Kier
Hinton (Amos)
Locker (Thomas)
Powell Duffryn
Redland
Renold
Rothmans Intl.

DIVIDEND & INTEREST PAYMENTS—
Central Scot. and Water Dev. Board [illegible] Bds. Red. 21.11.79 4¾pc
Clarkson (Intl.) Tools Dbns. [illegible] (87-87) [illegible]
Dawney Day Group 1.25p
Downiebrae [illegible] 0.3p
Eastbourne [illegible] Bds. Red. 21.11.79 4[illegible]
Exchequer 12pc 1981 6pc
Hunting Assoc. Inds. 1.32422p (includes supplementary distribution of 0.02422p o.a. yr. 1977)
Knowsley 12pc Bds. Red. 19.5.82 £3.0975
Lames Sons (in members voluntary liquidation) 5p
Manchester Var. Rate Bds. Red. 17.11.82 £6.12
Marshall Cavendish 1.34p
Milton Keynes Var. Rate Bds. Red. 17.11.82 £5.15
Norsk Hydro A.S. 9.8kr
Oceana Cons. 0.7143p
Prudential Ass. 2.7p (includes supplementary distribution of 0.043p o.a. yr. 1977)
Plymouth 10½pc Bds. Red. 19.5.81 5¼pc
S. Oxfordshire 9½pc Bds. Red. 19.11.80 4¾pc
Treasury Ln. 13½pc 1993 6¾pc
W. Lothian 9½pc Bds. Red. 21.11.79 4¾pc

FRIDAY NOVEMBER 24

COMPANY MEETINGS—
Charterhall, Chartered Accountants Hall, E.C., 11.45
Ingall Inds., 75, Harborne Rd., Birmingham, 12.15

Cyles (S.), Wakefield Post Hse., Glasshoughton, 12
Macallan-Glenlivet, Macallan-Glenlivet Distillery, Craigellachie, Banffshire, 12

BOARD MEETINGS—
Finals:
Stag Line
Interims:
Rediffusion
Rivington Reed
Robertson Foods

DIVIDEND & INTEREST PAYMENTS—
Agricultural Mortgage Corp. 14½pc Bds. Red. 24.11.78 £7.3560
Alliance Inv. 3.3p
De. Can. 0.165p
Anchor Chemical 2.1p (includes supplementary distribution of 0.03p o.a. yr. 1977)
Angus 9½pc Bds. Red. 30.5.79 4¾pc
Ashfield 9½pc Bds. Red. 30.5.79 4¾pc
Assam Frontier Tea Ord. 10p
Do. Pfd. 4.9p
Baker Intl. Corp. 11cts.
Basildon 11pc Bds. Red. 21.5.80 5½pc
Blyth Valley 10pc Bds. Red. 23.5.79
Camrex 1.64p
Capseals 1.3475p
Cleethorpes 9½pc Bds. Red. 30.5.79 4¾pc
Cons. Plantations 2.123p
Cotswold 9½pc Bds. Red. 4¾pc
Dudley 9½pc Bds. Red. 30.5.79 4¾pc
East Staffordshire 9½pc Bds. Red. 30.5.79 4¾pc
Eaton Corp. 55 cts.
Epping Forest 10pc Bds. Red. 23.5.79 5pc
Erith Ore 2.3729p (includes supplementary distribution of 0.0351p o.a. yr. 1977)
Farnell Electronics 2.3795p
G.T. Asia (Sterling) Fd. Prp. Prf. 40p
Gallaher Brindley 2.687p
Goodman Bros. & Stockman 0.333p
Grattan Warehouses Ord. 1.786p
Haden Carrier 3p
Haringey 11pc Bds. Red. 20.5.81 5½pc
Hiltons Footwear 1.35605p (includes supplementary distribution of 0.05605p o.a. yr. 27.1.78)
Ingall Inds. 1.25p
Intl. Commercial Bank of China (Taiwan) Floating Rate Notes 1983 U.S.$56.81
Jersey Electricity A Ord. 4p
Kettering 9½pc Bds. Red. 30.5.79 4¾pc
Lindsay & Williams 1p
London & Montrose Inv. Trust 4.65p
London & Strathclyde Trust Ord. 1.125p
Lothian 10½pc Bds. Red. 23.5.78 5¼pc
Luton Var. Rate Bds. Red. 18.5.83 £5.475
Martin-Black 1p
Meat Trade Suppliers 4.02p
Mitchell Bros. Ord. 1.3323p
Provincial Laundries 0.16p
Reading 11pc Bds. Red. 21.5.80 5½pc
Restormel 9½pc Bds. Red. 30.5.79 4¾pc
Rex Tradeform Clothing Ord. A 28cts.
Sefton 9½pc Bds. Red. 30.5.79 4¾pc
Selincourt 3.3116p (includes supplementary distribution of 0.0116p o.a. yr. 31.1.78)
S. Bedfordshire 9½pc Bds. Red. 30.5.79 4¾pc
S. Kesteven Var. Rate Bds. Red. 18.5.83 £5.475
So'thampton Isle of Wight & S. of England Royal Mail Steam Packet 3.5p
Southwark Var. Rate Bds. Red. 18.5.83 £4.475
Stag Furniture 2.3p
Stone-Platt Inds. 2.72591p (includes supplementary distribution of 0.02015p o.a. yr. 31.12.77)
Stroud 9½pc Bds. Red. 30.5.79 4¾pc
Swale Var. Rate Bds. Red. 20.5.81 £5.475
Tanks Cons. Invst. Ord. 4p
Tarbrook & Malling Var. Rate Bds. Red. 18.5.83 £5.475
Trafford 9½pc Bds. Red. 30.5.79 4¾pc
Turner & Newall Ord. 4.3p
Warwickshire Var. Rate Bds. Red. 18.5.83 £5.475
Wyatt (Woodrow) 9.1p

SATURDAY NOVEMBER 25

Barnsley 12pc Bds. Red. 19.5.82 6¼pc
Blaenau Gwent 11pc Bds. Red. 21.5.80 5½pc
Brent 12pc Bds. Red. 19.5.82 6¼pc
Cammell Ord. 3.5p
Exchequer 13pc 1980 6½pc
Greater London 12pc 1982 6¼pc
Greater Manchester 11pc Bds. Red. 21.5.80 5½pc
Islington 11pc Bds. Red. 21.5.80 5½pc
Miller (Stanley) 0.3p
Pendle Var. Rate Bds. Red. 18.5.83 £5.475
W. Lancs 11pc Bds. Red. 21.5.80

CONTRACTS

GEC drive motors for Yugoslavia

GEC ELECTRICAL PROJECTS has received from Head Wrightson Machine Company of Middlesbrough a £1.5m order for electric drive equipment and power distribution for a new electrolytic tinning complex for Zorka-Sabac near Belgrade. A total of approximately 150 d.c. drive motors is involved in the new order, all supplied and controlled from GEC thyristor convertors. The d.c. machines, together with a further 120 a.c. motors, brings the aggregate power of the drives to around 3500 kW. In addition to the electrolytic tinning line, the GEC Electrical Projects contract covers two cut-to-length lines, a coil preparation line, an inspection line, and distribution switchgear. A data logger for the system will be supplied by GEC-Elliott Process Automation.

*

JOHN GRIST has secured two contracts, together worth over £300,000 to supply and instal bulk materials storage and handling plant for Brett Bentonite, and GR-Stein Refractories.

*

DELAPENA HONING EQUIPMENT (division of David Brown Gear Industries) has won an order from BL Cars, Longbridge, worth over £500,000. Four fully automatic transfer machines, plus special tooling and fixtures, will be supplied for honing car engine cylinder blocks.

*

SE LABS (EMI) has received an order from The People's Republic of China for precision electronic instruments. Worth over £110,000, it is for the supply of a large number of digital voltmeters, claimed to offer accuracies of better than one part per million.

*

Work has started on a 5,000 sq ft advance factory for the Development Commission on the Trenant Industrial Estate, Wadebridge, Cornwall. Of the terrace type, it can be divided into two units of about 2,500 sq ft each. The contract, worth about £96,000, has been awarded to JOHN START (CONTRACTORS), Truro.

*

BHRA FLUID ENGINEERING has been awarded a contract by Sheldon Industrial Equipment to carry out wear tests on the Hammelman range of high-pressure water pumps. The aim is to enable them to give their customers realistic figures for the life of pump internal components over a wide range of working conditions, certified by BHRA as independent experts in the field of water jetting. The first stage of this contract is worth £7,500.

*

T. B. PEARSON AND SON, Newcastle upon Tyne, has a contract from Babcock and Wilcox (Operations). The work worth over £100,000 is for flues and ductwork.

*

A contract worth about £750,000 for high performance hearing protector headsets has been won by RACAL ACOUSTICS, Wembley, Middlesex. Awarded by the Ministry of Defence (procurement executive), the contract is for thousands of "Sonovalve" staff user headsets, used widely by British defence forces equipped with "Clansman" radio communications system, for use on gun-sites and in vehicles.

*

First large glazing contract for Reflectafloat—a new highly reflective solar control glass from PILKINGTON—will be Metropolitan House, a 58,000 sq ft office block in Wembley being developed by Chesterfield Properties. Worth £62,000, a total of nearly 2,000 sq metres of silver Reflectafloat will be used, the majority incorporated in Insulight double-glazing units, with an inner pane of 6-mm clear float glass. Single-glazed Reflectafloat will be used as spandrel panels to complete the building's mirror-like facade. Single-glazed Reflectafloat reduces heat transmission by 48 per cent and light transmittance by 67 per cent. Combined with clear float glass in double-glazing units, the glass rejects solar heat gain in summer and provides thermal insulation in winter, saving air-conditioning and heating costs.

Bank branch

BANK LEUMI (UK) is to open a fourth London branch at Gants Hill, Ilford early next year. It already has branches in the City, the West End, and Golders Green.

MINING | INSURANCE | WORLD STOCK MARKETS

Gems of wisdom from Mr. Lord

BY LODESTAR

THE SPECULATIVE flames in Australian diamond exploration shares have died down, dampened to some extent by the prospect of work in the main discovery area, Western Australia's Kimberley region, being curtailed by the down-under summer's "big wet" which generally lasts through until April.

Those who failed to escape from the market while the fires were burning brightly may be encouraged to wait for the next flare-up by the latest views of the state's geological survey director, Mr. Joe Lord, who was a valuable source of guidance for this column during the nickel rush at the end of the last decade.

In what he terms "arm-waving geology" Mr. Lord expects exploration for diamonds eventually to encompass the fringe of the whole of Western Australia's pre-cambrian shield covering well over 10,000 kilometres or some 6,250 miles. He points out that Conzinc Riotinto, which heads the Ashton joint venture in the West Kimberleys, is focusing on the fringe of the ancient shield in its pegging of temporary reserves at Kennedy Range and Winning Pool some 1,000 kilometres south-west of its original discoveries.

The theory is that magma plugs, regarded as potentially diamond forming, have been able to work themselves to the surface in these areas of weakness. Thus some of the most experienced geologists working in Western Australia are looking for long-term exploration programmes running over many decades as they have in South Africa.

It is also thought in Perth that Mr. Lord's theory will result in some of the smaller exploration companies, forced into inactivity during the wet season in the Kimberleys, starting to fossick around in areas not previously regarded as diamond country, some of which will extend into the state's desert regions.

One junior exploration partnership, peat producer Magnet Metals along with Lennard Oil and Western Queen, is regarding the diamond search as sufficiently promising to establish its own heavy media separation and mineralogical analysis laboratory in Perth.

More information has now come to hand about Australian Consolidated Minerals' prospecting technique based on the computerised interpretation of data gathered from satellites mentioned here in September. The company now states that the Landsat data stored on magnetic tapes can be processed in a way that produces an actual geological map outlining the various rock types required.

This provides what is described as "a unique and valuable exploration tool." The wealth of Landsat information incorporated into ACM's technical programme is such that it is possible to record so many aspects of surface geology and vegetation that rock types have been mapped when soil covered or not visible to the naked eye. This, it is claimed, drastically reduces exploration costs and allows a for greater spread of prospecting activities.

With the use of maps so produced ACM reckons to have discovered to date five significant uranium anomalies in the Murchison district of W.A. located in buried calcretes where uranium would not have been picked up by normal radiometric methods. Some of the claims resultantly pegged adjoin Western Mining's Yeelirrie find. A detailed drilling programme is to be started shortly.

ACM also proposes to use its new technique in the search for diamonds by locating non-outcropping kimberlite pipes. The method has already successfully given readings from eight known pipes. Follow-up field work will then be done to carry out any pegging that may be necessary.

The partners in the Landsat computer programme are ACM 32.5 per cent and West Coast Holdings, Nickelore and Command Minerals with 22.5 per cent each. ACM has minority shareholdings in the other three concerns. Amax had a one-third stake in ACM. If this is still retained, the American company might be a useful source of finance. ACM shares are quoted at 5p to 8p.

* * *

Another candidate has popped up for the long-running "whatever happened to" series. It is Australia's Pegmin once noted for its interest in an Indonesian lead-zinc venture in which it had Shell as a partner at one time. Now Pegmin has raised a bit of money through a share issue and guess what?

Yes, it proposes to join the diamond search and has already authorised a geological firm to peg "selected claims" in the Kimberley region, the "most topical area of mineral exploration." The shares are a humble 3 cents in Sydney.

* * *

Once again a rip-roaring market has developed in the shares of the Canadian-Irish Northgate Exploration group, this time led by Westfield Minerals and again based on uranium hopes, in Newfoundland on this occasion. Previously it has been right to take quick profits during these sudden outbursts of Canadian speculation. It could be this time, too.

False calls alarm insurance industry

BY OUR INSURANCE CORRESPONDENT

INSURERS providing crime loss cover on commercial risks, from large warehouses down to high street shops, have been increasingly insistent over the last 10 years upon the installation of a whole range of anti-theft devices.

The normal prescription for "hazardous" goods—those most attractive to thieves, such as tobacco, wines and spirits, radios, TVs, and so on—has been the burglar alarm.

Its installation has not only become a prerequisite of the granting, or renewal of cover, but in many instances its proper maintenance and its efficient operation have become conditions precedent to insurers' acceptance of claims. If after loss and claim, insurers find that the alarm was not operative while the premises were closed, they are often able to refuse to pay.

But the positive defence the burglar alarm provides the policyholder (and insurers) against criminals, is unfortunately undermined by the large number of false calls throughout the country, partly because of electrical fault, partly because of human failing.

Well over 90 per cent of all burglar alarm calls, whether just bells sounding off, or electrical messages sent to police or alarm company stations, are false calls. False calls waste police and private security forces' time and can bring alarm systems into contempt, so that the criminal can go about his business while an alarm sounds reasonably confident that the police will not immediately respond.

In extreme cases after a number of false calls, police do issue notices, warning that if the false calls do not cease, police surveillance will be completely withdrawn. This action causes problems not only for subscriber policyholders, but for insurers, because cover is provided on the assumption both of properly protected premises and rapid police response to alarm calls.

It is in the interests of all except criminals that the volume of false calls is substantially reduced, but over the years the problem has proved intractable. Each year there are many more alarm installations in operation and, as the percentage of false calls remains much the same, police and security services have to grapple with more false calls.

The British Insurance Association has from time to time considered the problem of false calls, in consultation with alarm companies and the police. Now, after its most recent round of discussions, the association has drawn up a guide — Recommendations for the Management of Intruder Alarm Systems—which it is hoped will play a positive part in reducing the false calls problem.

The guide divides responsibilities for the installation and management of alarm systems between insurers, alarm companies and subscribers, and its recommendations are being drawn to the attention of all concerned by the association's member companies.

The guide can be obtained at the cost of 50p including postage, from Chris Woodward at the British Insurance Association, Aldermary House, Queen Street, London EC4P 4JD.

Particularly of interest for subscriber-policyholders are the recommendations set out on pages 18 and 19 of the guide, dealing with the duties of the persons responsible for the individual alarm systems.

Perhaps much of what is set down in the 13 points detailed ought to be a matter of common sense, of regular routine, on a daily basis where necessary: but it is clear from the continuing large number of false calls common sense and regular routine remain at a discount.

The cost of crime last year, measured by the value of property reported stolen, was little short of £160m, after taking into account £31m of property recovered. This is the figure for the whole of the UK and does not include many other losses due to fraud, forgery, embezzlement and the like, unreported thefts, "borrowing" by employees and the bulk of undetected shoplifting. This year's figures are bound to be higher.

TEL AVIV

Company	Prices Nov. 19, 1978	Change on the week
Banking, Insurance and Finance		
Bank Leumi le Israel	772.5	−3.0
IDB Bankholding	436	+2.0
Bank Hapoalim Br	468	+2.0
Union Bank of Israel Br	700	−20.0
United Mizrahi Bank	210.5	−9.0
Hassneh Insurance Br.	365	−37.0
Gen. Mortgage Bank Br	779	−6.0
"Tefahot" Israel Mrtgage	416	−46.0
Land Development		
Africa Israel Invest IL 100	520	−50.0
Israel Land Develop. Br	270	−29.0
Property and Building	350	−13.5
Public Utility		
Israel Electric Corp	310	−45.0
Investment Companies		
Bank Leumi Invest	181	−24.0
"Clal" Israel Invest.	400	−40.0
Commercial and Industrial		
Alliance Tyre & Rubber	1,250	+20.0
Elco Br.	209.5	−41.0
Argaman Textile Br	255.5	−9.0
"Ata" Textile "B"	185	−25.0
Amer Israeli Ppr. Mills	405	−17.5
Assis	285	−27.0
Elite	327	−15.0
Teva Res	521	—
Fuel and Oil		

Source: Bank Leumi le-Israel, BM, Tel Aviv

Indices

NEW YORK - DOW JONES

	Nov. 17	Nov. 16	Nov. 15	Nov. 14	Nov. 13	Nov. 10	1978 High	1978 Low	Since Compilat'n High	Since Compilat'n Low
Industrials	797.73	794.46	785.60	785.25	792.01	807.09	907.74	742.12	1051.70	41.22
H'me B'nds	86.51	86.65	86.54	86.26	86.12	86.24	90.85	86.12	—	—
Transport	210.41	209.43	206.76	205.48	207.64	213.62	261.49	199.31	279.88	12.25
Utilities	98.04	97.56	96.55	96.35	97.09	98.24	110.98	96.35	163.32	10.50
Trading vol. 000's	25,240	21,340	26,260	30,340	20,520	16,750	—	—	—	—

Basis of Index changed from Aug. 24. • Day's high 797.58 low 785.26

Ind. div. yield %	Nov. 10	Nov. 3	Oct. 27	Year ago approx
	5.90	5.77	5.89	5.35

STANDARD AND POORS

	Nov. 17	Nov. 16	Nov. 15	Nov. 14	Nov. 13	Nov. 10	1978 High	1978 Low	Since Compilat'n High	Since Compilat'n Low
Industrials	104.82	104.89	102.94	102.75	103.42	106.82	118.71	99.52	134.64	3.52
Composite	94.42	93.71	92.71	92.49	93.13	94.77	106.58	86.90	125.85	4.40

N.Y.S.E. ALL COMMON

MONTREAL

TORONTO Composite

JOHANNESBURG

WALL STREET

NEW YORK

EUROPE

AMSTERDAM

BRUSSELS/LUXEMBOURG

SPAIN

COPENHAGEN

VIENNA

STOCKHOLM

GERMANY

SWITZERLAND

MILAN

OSLO

PARIS

CANADA

TOKYO

Source: Nikko Securities, Tokyo

HONG KONG

BRAZIL

Source: Rio de Janeiro SE.

JOHANNESBURG

AUSTRALIA

Securities Rand $U.S.0.68 (Discount of 40.87%)

INTERNATIONAL CAPITAL MARKETS

INTERNATIONAL BONDS — BY FRANCIS GHILES

Market runs ahead of itself

THE DOLLAR staged a major [illegible] towards the middle of last week, giving the currency a decidedly better tone than it has had at any time since the announcement of President Carter's package two weeks earlier. At the same time, short-term Eurodollar rates eased slightly, and prices of dollar-denominated bonds rallied by one and a half to two points on the week.

The [illegible] is spreading among U.S. banks that prime lending rates will climb to 11 per cent by mid-1979 and that Federal Funds could well average 12 per cent during the second quarter of next year. However, the likely trend in interest rates apparently no longer has a major effect on the price of bonds and has been relegated to secondary status.

So the question arises as to how strongly-based this revival of the market is. Many dealers [illegible], as Hill Samuel put it in its weekly telex that "the market appears to have run ahead of itself."

Kidder Peabody also expresses doubt over the market's advance, asking whether it was a case of "too fast too soon."

[illegible] the recovery in bond prices in the wake of the Carter package this time institutional investors were heavily in the market. More than one dealer was surprised by the rush of the institutions into the market which, at the start of trading last Thursday, led to price rises on some issues of up to three quarters of a point in the first 20 minutes' business.

Analysts noted that the dollar market's fundamentals had not changed but that there was no mistaking what was happening. Too much money was chasing too few bonds, as institutions seemed to be taking the longer-term view that a peak in short term interest rates will occur by next summer.

Some real buying interest was confirmed though Kidder Peabody observed that "most of the purchase orders were never completed.

"The failure of the market to execute the orders was because the secondary sector has no substantial long inventories. If the institutions needed any final confirmation of the market's lack of depth they only have to look at the price action of individual issues on Thursday."

Buying dollar bonds may be not just an act of faith today but it does imply a degree of trust in President Carter's administration which many in the market did not have only a few weeks ago. Bond yields have fallen during the past two weeks, with 9.50 per cent now about the norm on good-quality paper. That figure is simply neck-and-neck with the U.S. inflation rate.

By comparison the net yield to be had on Deutsche-Mark denominated bonds, today stands at 4-4½ per cent, suggests that while the halcyon days of the DM sector may be over because of the very heavy schedule of new issues, the shine is far from having worn off such paper.

The only new issue in the dollar sector last week was a $50m 14-year floating rate note for the Algerian state oil and gas company Sonatrach, its first dollar issue. The borrower will pay a spread of ¾ per cent over Libor and the bonds will be retractable at par at the option of the note holders at the end of years 8, 10 and 12.

The length of the final maturity more than the terms, which include a 1½ per cent selling group discount appear to have resulted in one leading French bank from refusing to join the management group. The terms of this issue however are very close to those on the $40m floater for Banque Exterieure d'Algerie. That issue is currently quoted at 96½-97½.

The Deutsche Mark sector started the week on a soft note. The uncertainty surrounding the possible issue of up to $10bn-worth of U.S. Government foreign currency securities was one factor which hit the market. The announcement of what many bankers regard as too heavy a calendar of new issues for the six weeks up to Christmas did not help either while the lack of quality of many of the borrowers was a further cause of worry.

Prices however ended the week on a stronger note with many of those who had sold DM paper after the announcement of President Carter's package buying back into the market.

Slight indigestion is close to becoming a permanent feature of the DM market. On Friday the recent Finland bond, priced earlier in the week was quoted at a discount of 1½ per cent, equivalent to the size of the selling group discount. Trading volume was described as fair, but less than in the previous two weeks. The only new straight issue was the twice-delayed DM 400m bond for the World Bank.

Convertibles continue in favour with a DM 150m bond for the Japanese electronics company, Sharp. This is only the second time such a large Japanese convertible has been issued, the last being in May 1978, for Sanyo. The conversion premium will be the usual 3½ per cent. The Sharp shares stood at a high of Y487 and a low of Y318 on the Tokyo Stock Exchange this year. They closed last Friday at Y446.

The next convertible for a Japanese electronics company, Omeron Tateisi, is expected, through BHF Bank, early next month.

The French Franc sector witnessed its third issue since it reopened two months ago, this time for a prime French name. Elf Aquitaine, the oil company in which the state has a majority stake is raising FFr 150m for ten years on a coupon of 9½ per cent. The average life of this issue, which is being arranged by Banque Nationale de Paris is just under nine years. A sinking fund will start operating at the end of the seventh year.

The terms of this issue are tighter for the investor than those of the recent Unilever bond but somewhat more generous than those of the previous EIB issue, which was a bullet. The secondary market in the Franc sector has been very steady recently. The next French Franc-denominated bond, possibly before Christmas, is also expected to be for a French address.

A new financing vehicle is planned in the Swiss franc bond market — a floating rate note issue. Banque Gutwiller Kurz Bungener plans to launch early in December a Swiss franc FRN on behalf of Banque Nationale d'Algerie.

The amount of the issue is so far undecided, but proposed terms call for a spread of ¾ per cent over the six-month Swiss domestic interbank rate, with a minimum interest of 4½ per cent.

EURO CURRENCIES — BY MARY CAMPBELL

Controlling the markets

THE QUESTION of controlling the Euromarkets looks as though it is [illegible] for another public airing. Last Thursday, Mr. William Miller, chairman of the U.S. Federal Reserve Board, [illegible] he had already expressed [illegible] — and more forcefully — last August. The attitude of the Bank of England has also been spelt out again recently in an unpublicised speech made by Sir Gordon Richardson, Governor of the Bank, to a group of London bankers [illegible] fortnight ago.

Mr. Miller's statement was [illegible] to Congress [illegible] testimony on money supply [illegible]. His main point was that the Fed and other central banks were investigating ways to develop closer co-operation in control of the Euromarket.

At its face value the statement seemed no more than has been known for a long time: discussions have been taking place for [illegible] specifically since the 1974 [illegible], within the forum of the Basle-based Bank for International Settlements (BIS) on, inter alia, reporting requirements, better international [illegible] statistics and so on. There is even a standing committee of experts which in the words of Sir Gordon Richardson, is "charged with the task of clarifying individual responsibilities, improving supervisory techniques, ensuring that the different control systems are as far as possible mutually complementary and improving the flow of information."

The [illegible] question is whether more significance should be attached to Mr. Miller's statements than their face value would seem to warrant. If he is thinking of trying to tighten control in ways not already on the drawing board—and it is a [illegible] given the context of his statements—there seems little doubt that he would run up against other central banks most notably the Bank of England.

Euromarket business is now the major plank of the City of London's international financial importance. At a time when New York is fighting to get some of the business back, the Bank of England will doubtless be adamant in opposing any tightening of control which threatens the offshore dollar market.

But if British self-interest is a major factor in the Bank's position, there is also a great deal of generally accepted wisdom on its side. Sir Gordon's speech was [illegible] spelling out the thinking behind the current policy.

He started the speech by implicitly setting himself against the image of the Euromarkets as an amorphous mass of stateless money — an image which has been expressed by Mr. Miller among others.

"Seen in this way," Sir Gordon said, "they naturally appear somewhat alarming and the case seems strong for some form of special international regulation or control."

Sir Gordon said that the right answer on control would only be found if the central banks worked from the national centres and national supervisory authorities outwards rather than the other way round.

Reiterating the Bank's long-held view that the Euromarkets are no more than a transmission mechanism, not an important source of independent credit creation or multiplication, Sir Gordon laid the responsibility for inflation mainly at the door of excess monetary expansion.

"To explain this monetary expansion one does not have to look to the international markets. Unfortunately, one need not look far beyond the collective expansion of the domestic monetary aggregates of the main developed countries for evidence of this excess."

* * *

In the latest monthly review by Amex Bank the finger is pointed much more specifically at the laxity of U.S. monetary policy.

Entitled "Tighter U.S. money, cure for Eurodollar glut," the Amex study says if the excessive growth of the supply of offshore dollars could be arrested, then the persistent dollar weakness could be checked. Noting that the Eurodollar market is equivalent to 63 per cent of U.S. money supply (M2), while offshore deposits in D-marks are equivalent to 16 per cent of German domestic money supply and offshore held Swiss francs to 24 per cent of Swiss money supply, the bank says that "the present overhang of excess Eurodollars portends much worse inflation to come in the U.S. unless the excess rate of offshore dollar deposit creation is slowed.

According to Amex, slowing the growth of offshore dollars—a necessary prerequisite to slowing the depreciation of the dollar—could happen in one of three ways.

The fall of the dollar has cut the size of the U.S. banks relative to those from "strong" currency countries, but as the latter banks increase their role they may prefer to do it in their own currencies rather than in dollars.

Second, an accelerated growth of world trade could increase the transaction demand for real dollar balances.

Third and, in the words of Amex, "most assuring for international confidence" the Federal Reserve could set a much lower target for the growth of the U.S. domestic monetary base.

BONDTRADE INDEX AND YIELD

	November 17		November 10		1978 High		1978 Low	
Medium term	95.65	8.54	96.35	8.57	92.81	(19/4)	94.72	(30/10)
Long term	90.46	9.23	90.15	9.25	94.07	(19/4)	89.05	(30/10)

EUROBOND TURNOVER
(nominal value in $m)

	U.S. dollar bonds last week	U.S. dollar bonds previous week	Other bonds last week	Other bonds previous week
Euroclear	1,371.8	1,333.2	491.7	416.4
Cedel	432.9	397.3	317.6	293.8

CURRENT INTERNATIONAL BOND ISSUES

Borrowers	Amount m.	Maturity	Av. life years	Coupon %	Price	Lead manager	Offer yield %
U.S. DOLLARS							
‡**Industrial Bank of Japan Finance NV	50	1985	7	5½¶	100	Morgan Stanley, IBJ	5.58¶
†Sonatrach (g'teed Banque Exterieure d'Algerie)	50	1992	14	7¾	100	CCF	7.38¶
D-MARKS							
Hitachi Shipbuilding	50	1983	5	5½	*	WestLB	*
‡Finland	150	1983	5	6	100	Dresdner Bank	6.0
**South African Rail. & Harbours	50	1983	5	7½	99¼	BHF-Bank	7.81
World Bank	400	1988	10	6¼	100	Deutsche Bank	6.25
§Sharp Corp.	150	1988	—	3½	100	WestLB	*
FRENCH FRANCS							
Societe Nat. Elf Aquitaine	150	1988	9	9½	*	BNP	*
SWISS FRANCS							
‡First Chicago Overseas Finance NV	70	1993	n.a.	3½	100	Crédit Suisse	3.5
GUILDERS							
‡Norges Kommunalbank (g'teed Norway)	75	1993	10.5	8½	100½	AmRo	8.44
LUXEMBOURG FRANCS							
‡Norges Kommunalbank (g'teed Norway)	500	1986	6	8	99½	Kredietbank Luxem.	8.09
KUWAITI DINARS							
‡CNAN (g'teed Banque Exterieure d'Algerie)	10	1986/90	—	8½	100	BAII, KFTCIC	8.5
‡Panama	[illegible]	1985/90	6.4	8½	100	KIIC	8.5
Banque de Devel. Econ. de Tunisie (g'teed Tunisia)	7	1985	—	8	*	KIC	*
SPECIAL DRAWING RIGHTS							
Swedish Investment Bank	25	1985	5.4	9	*	Crédit Suisse First Boston	[illegible]

* Not yet priced. ‡ Final terms. ** Placement. † Floating rate note. ‖ Minimum. § Convertible. ** Registered with U.S. Securities and Exchange Commission. ¶ Purchase fund.
Note: Yields are calculated on AIBD basis.

U.S. BONDS — BY STEWART FLEMING

A plague of fears

DIVERGENT trends in the long and short term credit markets in the U.S. became more marked this week while Treasury corporate and yankee bond sectors of the long term market rallied convincingly with prices rising and yields falling.

The money markets continue to be plagued by fears of further increases in short term interest rates. Federal Reserve chairman G. William Miller's appearance before the senate banking committee had little impact on the money markets even though he announced yet another measure of the money supply and modified the Fed's growth rate targets accordingly.

Perhaps the most significant developments came in the long term bond markets however where the firmer tone emerging a week ago became well established. In part of course this can be attributed to the stronger performance of the dollar on the foreign exchange. But this was only one source of encouragement.

A relatively modest supply of new issues is anticipated for the balance of the year. This, coupled with the spreading recessionary psychology, has led more investors to conclude that long term rates have now peaked with the result that they are committing more of their heavy cash resources to the market.

The improved tone of the bond market showed up particularly in the new issue sector where, for example, offerings from Public Service Electric and Gas and Dana Corporation sold out quickly in spite of aggressive pricing. According to Salomon Brothers, new issue yields in the corporate sector declined anything between 10 and 20 basis points. In the government securities sector prices of long term issues rose a point or more. The Treasury's 8½ issue of 1993 for example, were yielding [illegible] per cent at the end of the week compared with 8.80 a week ago.

But there is no concensus that the market has finally turned and the underlying fear of inflation and some scepticism about the administration's commitment to tackling the problem remains.

Mr. Miller's announcement before the Senate Banking Committee did nothing to reassure the sceptics. He did reduce the M1 monetary growth rate target from 4-6½ per cent to 2-6 per cent. This is generally seen as a mechanical adjustment to take account of the fact that institutional changes at the commercial banks, which in effect allow payment of interest on demand deposits, have begun to erode the significance of M1 and [illegible] its likely growth rate.

MEDIUM-TERM CREDITS

Difficulties remain for Polish Euroloan

By John Evans

POLAND, THE most dangerously indebted economy in Eastern Europe, appears to be near to attempting a large loan syndication on the Eurocurrency capital markets.

No specific transaction has yet been drawn up, but a figure of between $250m and $500m is being quoted in the Euromarkets as the possible range of the financing.

Poland's ability to successfully borrow a Eurocredit of this size is not a foregone conclusion, according to many bankers.

Its debt-service ratio is estimated to range from between 30 per cent and 40 per cent, and its gross debt is calculated at around the $14.5bn mark by the end of 1978.

This implies debt-servicing costs of over $2bn this year, and there has long been anxiety in the international capital markets that part of Poland's "hard currency" debt will have to be rescheduled.

The credit now to be sought by the Poles will apparently represent entirely new finance, and not a restructuring operation involving any of its past debt.

One problem the international banks face in deciding whether to participate in a new loan to Poland is their present level of lending and a sizeable number of banks are believed to have reached their internal prudential limits on extending fresh credit to the country.

Another major stumbling block, many banks consider, has been the reluctance of the Polish Government hitherto to provide full economic information on the economy when undertaking borrowing in the West.

The international banks are keen to see comprehensive data on Poland's hard currency debt, including the repayment and servicing schedule. A relaxation by Warsaw on this point will go a long way in drawing wide banking support for the new transaction, bankers suggest.

Poland's last large Eurocurrency loan was completed in January this year. A $250m syndication was mounted for a high-grade copper mine, as part of projected expenditures on the project, at Sieroswice, of $1.4bn.

Chase Manhattan Bank took a central role in the loan, which had an eight-year maturity at spreads ranging from 1¾ and 1½ per cent over interbank rates.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bonds for which an adequate secondary market exists. The prices over the past week were supplied by: Bondtrade; Kredietbank NV; Credit Commercial de France; Credit Lyonnais; E. F. Hutton Services SARL; Commerzbank AG; Deutsche Bank AG; Westdeutsche Landesbank Girozentrale; Banque Internationale Luxembourg; Kredietbank Luxembourg; Algemene Bank Nederland NV; Pierson, Heldring and Pierson; Credit Suisse/Swiss Credit Bank; Union Bank of Switzerland; Akroyd and Smithers; Bankers Trust International; Banque Française de Credit International; [illegible] International Bank; Daiwa Europe NV; Deltec Trading Company; Dillon Read Overseas Corporation; EBC; [illegible]; Goldman Sachs International Corporation; Hambros Bank; IBJ International; Hill Samuel and Co.; Kidder Peabody International; [illegible]; Morgan Stanley International; Nesbitt Thomson; Salomon Brothers International; Samuel Montagu and Co.; Scandinavian Bank; Strauss Turnbull and Co.; Sumitomo Finance International; S. G. Warburg and Co. Closing prices on November 17.

U.S. DOLLAR STRAIGHTS

	Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]						

DEUTSCHE MARK STRAIGHTS

	Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]						

SWISS FRANC STRAIGHTS

	Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]						

YEN STRAIGHTS

	Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]						

OTHER STRAIGHTS

	Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]						

FLOATING RATE NOTES

	Spread	Bid	Offer	C.date	C.cpn	C.yld
[illegible]						

CONVERTIBLE BONDS

	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
[illegible]						

* No information available—previous day's price.
† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week=Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. M=Minimum coupon. C.date=Date next coupon becomes effective. Spread=Margin above six-month offered rate for U.S. dollars. C.cpn=The current coupon. C.yld=The current yield.

Convertible bonds: Denominated in dollars unless otherwise indicated. Chg. day=Change on day. Cnv. date=First date for conversion into shares. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

AUTHORISED UNIT TRUSTS

Minster Fund Managers Ltd.

MLA Unit Trust Mgemnt. Ltd.

Murray Johnstone U.T. Mgmt.♥ (a)

Mutual Unit Trust Managers♥ (a)(g)

National and Commercial

National Provident Inv. Mngrs. Ltd.♥

National Westminster♥ (a)

NEL Trust Managers Ltd.♥ (a)(g)

Norwich Union Insurance Group (b)

Pearl Trust Managers Ltd. (a)(g)(z)

Provincial Life Inv. Co. Ltd.♥

Prudl. Portfolio Mngrs. Ltd.♥ (a)(b)(c)

Quilter Management Co. Ltd.♥

Reliance Unit Mgrs. Ltd.♥

Ridgefield Management Ltd.

Rothschild Asset Management (g)

Rothschild & Lowndes Mgmt. (a)

Rowan Unit Trust Mngt. Ltd.♥ (a)

Royal Tst. Can. Fd. Mgrs. Ltd.

CORAL INDEX: Close 470-475

INSURANCE BASE RATES

†Property Growth	10¼%
†Vanbrugh Guaranteed	10.87%

†Address shown under Insurance and Property Bond Table

INSURANCE AND PROPERTY BONDS

OFFSHORE AND OVERSEAS FUNDS

Alexander Fund

Allen Harvey & Ross Inv. Mgt. (C.I.)

Arbuthnot Securities (C.I.) Limited

Australian Selection Fund NV

Bank of America International S.A.

Banque Bruxelles Lambert

Keyser Ullmann Ltd.

King & Shaxson Mgrs.

Kleinwort Benson Limited

Lloyds Bk. (C.I.) U/T Mgrs.

NOTES

Executive changes at Grindlays Bank

Mr. A. Anderson, at present general manager, United Arab Emirates of GRINDLAYS BANK GROUP, is to become regional director, Middle East, based in Bahrain, from next month on the retirement of **Mr. J. D. MacDonald**. **Mr. B. A. Greayer**, director of Grindlays Brandts in London responsible for the Eurocurrency department, is to be regional director, Pacific Basin, for the group in January operating from Hong Kong. He will succeed **Mr. R. C. Jackson**, who is returning to Citibank. **Mr. R. W. Parsons**, director of Grindlays Brandts in London responsible for shipping finance, will also take charge of the Eurocurrency department in place of Mr. Greayer. **Mr. G. G. Howard**, a member of the group's senior management in London, will be regional director, Africa, in January based in London, on the retirement of **Mr. H. M. Jackson**.

★

Mr. A. J. Murray has been appointed group administration director and secretary of BRADY LESLIE from December 1. **Mr. J. S. C. Chandler**, deputy chairman, will relinquish his position as secretary and **Mr. K. G. T. Sheen** becomes deputy secretary.

★

Mr. Stuart McGregor has joined the Board of REDLAND PURLE as director, transport operations.

★

Mr. P. B. Swift has been appointed finance director of the VICTORIA WINE COMPANY. He joined the company in 1974 as finance controller.

★

Mr. Graham Carr has been appointed director, marketing of MK ELECTRIC from January. He takes over from **Mr. Peter Joyce**, who is joining another company.

★

Mr. Michael G. Cocks has been appointed director, European operations, for CINCOM SYSTEMS INTERNATIONAL.

★

Mr. Philip Isaacs, a director of Mecca, has been appointed Chief Barker (president) of the VARIETY CLUB OF GREAT BRITAIN for 1979. He takes office on January 1 in succession to **Mr. Trevor Chinn**, chairman and managing director of the Lex Service Group, who has been Chief Barker for two successive years.

★

Mr. R. L. Marshall, investment manager of the MERCANTILE AND GENERAL REINSURANCE COMPANY, will retire on December 31 because of ill health.

★

Mr. Manuel Brentegani has been appointed to the main Board of SKETCHLEY from January 1. He will have executive responsibility as managing director of Sketchley Industrial division. Mr. Brentegani is at present general manager, Metalastik Group, Dunlop.

★

Mr. Tony Livermore has been appointed director of finance of PENTA HOTELS. He succeeds **Mr. Ron Joyce**, who has taken over the new position of company secretary.

★

Mr. Richard Lewis has joined MIDDLESEX POLYTECHNIC as assistant director with responsibility for finance. **Mr. Don Harper** is the new dean of business studies and management.

★

Mr. Sam Alper has been appointed chairman of OGLE DESIGN in place of the late Mr. John Ogle. **Mr. Michael Wilson** has become a director. Mr. Alper is chairman of Caravans International and Mr. Wilson, managing director of Marketing Improvements.

★

Mr. M. J. Foden has been appointed managing director of GOUGH COOPER (CONTRACTS) and **Mr. K. F. Fraser** has become a director. **Mr. R. J. F. Barrett** has been made a director of GOUGH COOPER SERVICES.

★

Mr. John Bond, previously area manager, Wembley, has been appointed deputy general manager of NATIONAL WESTMINSTER BANK's related banking services division. He succeeds **Mr. Cyril Townsend**, who becomes general manager of management services division.

★

Mr. Robert Leigh-Pemberton has become president of the WHITE ENSIGN ASSOCIATION on the retirement of **Sir John Prideaux**; **Sir Donald Gosling** has been appointed chairman of the association and **Sir John Read** has been elected to the Council of Management.

★

Mr. Gilbert Hogg has been appointed head of British Gas Legal Services and will take up his new position at the headquarters of BRITISH GAS CORPORATION on February 1, 1979. He has been legal adviser to the corporation's Welsh division since 1974.

★

Mr. John Smith, Secretary for Trade, has appointed **Mr. Terry Walker MP** (Kingswood) as his Parliamentary Private Secretary.

★

Mr. John Wolf has been appointed overseas adviser to the CENTRAL ELECTRICITY GENERATING BOARD from January 1, 1979. He succeeds **Mr. Peter Vinter** who retires early next year.

★

Sir Thomas Sopwith, founder president and a director of the HAWKER SIDDELEY GROUP, is to retire from the Board at the end of this year. He will remain founder president for life.

★

Mr. Robert Dowding has been appointed an executive director of HAWKER SIDDELEY INTERNATIONAL, responsible for Latin America. He leaves Plessey Avionics and Communications, where he was area marketing manager for Latin America.

Public Works Loan Board rates

Effective from November 11

Years	Quota loans repaid by EIP†	Quota loans repaid At‡	Quota loans repaid at maturity§	Non-quota loans A* repaid by EIP†	Non-quota loans A* repaid At‡	Non-quota loans A* repaid at maturity§
Up to 5	12¾	12⅞	13	13¼	13¼	13⅜
Over 5, up to 10	13	13⅛	13¼	13½	13⅝	13¾
Over 10, up to 15	13¼	13⅜	13½	13¾	13⅞	13⅞
Over 15, up to 25	13½	13½	13⅝	13⅞	13⅞	13⅞
Over 25	13½	13⅝	13⅝	13⅞	13⅞	13⅞

* Non-quota loans B are 1 per cent higher in each case than non-quota loans A. † Equal instalments of principal. ‡ Repayment by half-yearly annuity (fixed equal half-yearly payments to include principal and interest). § With half-yearly payments of interest only.

LOCAL AUTHORITY BOND TABLE

Authority (telephone number in parentheses)	Annual gross interest	Interest payable	Minimum sum	Life of bond
	%		£	Year
Barnsley Metro (0226 203232)	12	½-year	250	5-7
Barnsley Metro. (0226 203232)	11¾	½-year	250	3-4
Chorley (02572 5611)	11¾	½-year	1,000	5-7
Exeter (0392 77888)	12	½-year	500	6-7
Knowsley (051 548 6555)	12¼	½-year	1,000	6-10
Manchester (061 236 3377)	11	½-year	300	3
North Kesteven (0529 303241)	11¾	½-year	1,000	5-7
Poole (02013 5151)	11	½-year	500	2-3
Poole (02013 5151)	11¾	½-year	500	6-7
Poole (02013 5151)	11½	½-year	500	5
Redbridge (01-478 3020)	11¼	½-year	200	4-5
Sefton (051 922 4040)	11¾	½-year	2,000	4-7
Southend (0702 49451)	10¾	½-year	250	3
Wrekin (0952 505051)	12¼	yearly	1,000	5-10

CONTRACTS AND TENDERS

هكذا من الأصل

Businessman's Diary

UK TRADE FAIRS AND EXHIBITIONS

Date	Title	Venue
Current	Home and Beauty Exhibition (until Nov. 25)	Olympia, Blackpool
Current	International Kitchen and Bathroom Show—FIT (until Nov. 26)	Olympia
Current	Int. Renovation and Home Improvement Show (until Nov. 26)	Olympia
Current	British Cardiac Society Conference and Exhibition (until Nov. 21)	Wembley Conf. Centre
Nov. 21—25	*Breadboard Exhibition (Home Electronics)*	*Seymour Hall*
Nov. 26—30	Wholesale Buyers' Gift Fair	Mount Royal and Mostyn Hotels, W1
Nov. 28—Dec. 1	Video Tradex Exhibition	Heathrow Hotel
Dec. 4— 8	Royal Smithfield Show and Agricultural Machinery Exhibition	Earls Court
Dec. 5— 7	Computer Peripheral and Small Computer Systems	Olympia
Dec. 5— 7	UK Automatic Testing Exhibition	Royal Horticultural Halls
Dec. 5— 7	COMPEC '78 (Computer Peripherals)	Olympia
Dec. 5— 8	Export Services Exhibition	National Exbn Centre Birmingham
Dec. 5— 8	Container Technology Conference and Cargo Systems Exhibition	Metropole Centre, Brighton
Dec. 9—17	Performance Car Show	Alexandra Palace, N22
Dec. 12—14	Exhibition and Display System Fair—MODULEX	West Centre Hotel, SW6

OVERSEAS TRADE FAIRS AND EXHIBITIONS

Current	Automobile Show (until Nov. 26)	Sao Paulo
Nov. 21—24	Trade Fair for Clothing Textiles—INTERSTOFF	Frankfurt
Nov. 24—Dec. 3	International Exhibition of Inventions and New Techniques	Geneva
Nov. 25—Dec. 3	Music Exhibition	Brussels
Nov. 26—30	Middle East Building Materials and Construction Machinery Exhibition	Bahrain
Nov. 28—Dec. 2	Raw Materials Fair—RAVARMESSE	Copenhagen
Nov. 28—Dec. 10	International Trade Fair	Dakar
Nov. 30—Dec. 4	Swiss furniture trade fair	Basel
Dec. 2—10	International Woodworking Exhibition	Brussels

BUSINESS AND MANAGEMENT CONFERENCES

Nov. 22	ASM: Estimating Project Costs—Seminar	Piccadilly Hotel, W1
Nov. 22	AGB: Executive Selection Techniques—Seminar	Cafe Royal, W1
Nov. 22—24	Wharton School: Finance and Accounting for the Non-Technical Executive	Churchill Hotel, W1
Nov. 22—24	RASE/ADAS Conference—Farm Business Tax Planning	Nat. Agricultural Centre, Kenilworth
Nov. 23	BGCI: Establishing a Joint Venture Overseas	Cavendish Conference Centre, W1
Nov. 23	CPI: Seminar on Retail Planning: Sources of current information	Strand Palace Hotel, WC2
Nov. 24	ASM: Industrial Tribunals: How to defend your decision to dismiss	RAC Club, SW1
Nov. 24	London Chamber of Commerce: Seminar on Future Trends in the Arabian Gulf	69, Cannon Street, EC4
Nov. 26—Dec. 1	Bradford University: Industrial Marketing Management	Heaton Mount, Bradford
Nov. 27—28	CMTC: Self-Financing Productivity Schemes	Regent Hotel, Leamington Spa
Nov. 27—Dec. 1	IPM: Selecting the Right Candidate	Whites Hotel, Lancaster Gate, W2
Nov. 28	NIMRA: "Richer from Rags"—the recovery and re-use of textile wastes	Regent Centre Hotel, W1
Nov. 28	ACE International: Managing your Time	Park Court Hotel, W2
Nov. 28	BOTB: Earning more from Exports	International London Press Centre, EC4
Nov. 28	CALUS: Standard Method of Measurement	Royal Station Hotel, York
Nov. 28—29	BACIE/ITO: Training for Skills	Europa Hotel, W1
Nov. 28—29	BIM: Implementing Added Value Schemes	Royal Station Hotel, York
Nov. 28—29	CCC: Choosing and Using a Subcontractor in Construction Projects	Inn on the Park, W1
Nov. 28—29	Strategic Management Learning: Creativity and Innovation Workshop	The Selfridge Hotel, WC1
Nov. 28—29	ASM: Managing and Controlling Subcontractors	Piccadilly Hotel, W1
Nov. 28—29	FT Conference: World Banking in 1979	Zurich
Nov. 29	Marketing Society: Economic Growth—The Marketing Challenge	Royal Lancaster Hotel, W2
Nov. 29	McGraw-Hill: Corporate Fraud for Auditors and Accountants	Royal Garden Hotel, W8
Nov. 29	CCC: Competition Law in the EEC	Hotel Inter-continental, W1
Nov. 29	FDIC: Marketing Society Annual Conference	Royal Lancaster Hotel, W1
Nov. 29	Economic Models: UK Engineering Industries Forecasts—conference	30 Old Queen Street, SW1
Nov. 30	AGB: Essentials of Employment Law	London International Press Centre, EC4
Nov. 30	Charterhouse Japhet: Conference on "Your Private Company"—Maximising Wealth Creation for you and your family	Royal Lancaster Hotel, W2
Nov. 30	ELEC: A seminar to discuss the setting-up of the proposed European Foundation	Quaglino's, SW1
Nov. 30	LCCI: UK Economic Prospects in 1979	69 Cannon Street, EC4

This week's business in Parliament

TODAY

COMMONS—Companies Bill, second reading.

SELECT COMMITTEE—Expenditure. Education, Arts and Home Office Sub Committee. Subject: Women and the Penal System. Witnesses: Home Office. (Room 15, 4.15 pm).

TOMORROW

COMMONS — Social Security Bill, second reading.

LORDS—Pensioners Payments Bill, all stages. Motions to approve Unfair Dismissal (Increase of Compensation Limit) Order 1978 and Employment Protection (Variation of Limits) Order 1978. Motion to annul Food (Prohibition and Repricing) Order 1978. Debate on the 31st report of the EEC on a common system of VAT on Works of Art.

WEDNESDAY

COMMONS—Motions on the Referendum Orders for Scotland and Wales. Motions on the Northern Ireland Orders on Health and Personal Social Services and on Rehabilitation of Offenders.

LORDS—Debates on the conditions of poets and poetry in Britain; the desirability of European airlines buying European and not American aircraft; and on domestic space heating.

THURSDAY

COMMONS — Banking Bill, second reading. Motion on the Children and Young Persons Act 1969 (Transitional Modification of Part 1) Order.

LORDS—Wages Councils Bill (consolidation measure), second reading. Motion to Approve Ancillary Dental Workers (Amendment) Regulations 1979. Representation of the People (Armed Forces) Bill, second reading. *Public Records (Amendment) Bill, second reading.* Motions to approve Distribution of Footwear (Prices) Order 1978. Health and Personal Social Services (Northern Ireland) Order 1978, and Rehabilitation of Offenders (Northern Ireland) Order 1978.

SELECT COMMITTEE — Race Relations and Immigration. Subject: Effects of UK membership of the EEC on Race Relations and Immigration. Witnesses: Migrant Action Group. (Room 6, 4 pm).

FRIDAY

COMMONS—Private Members' motions.

TATE & LYLE

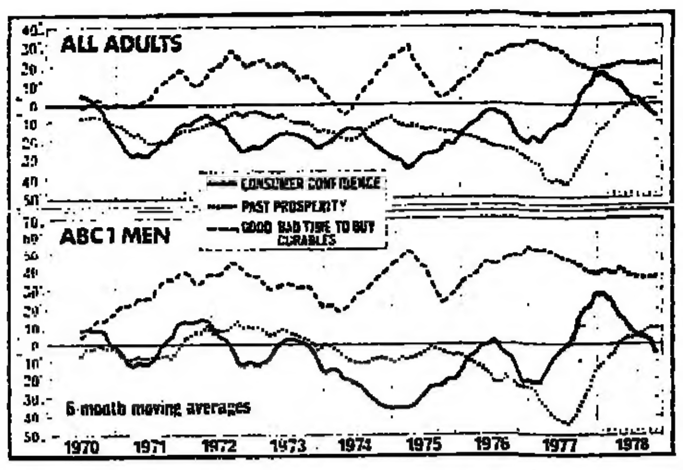
The Copenhagen Reinsurance (U.K.) has been appointed sole underwriting agents for Athel Reinsurance Company.

Athel Re., as the company will be known, is a wholly owned subsidiary of Tate and Lyle and since formation in 1941 has traded under the name of Athel Marine, insuring only Tate and Lyle group marine business.

FT SURVEY OF CONSUMER CONFIDENCE

Optimism at lowest ebb for almost two years

BY DAVID CHURCHILL, CONSUMER AFFAIRS CORRESPONDENT



CONSUMERS' FEARS that large pay demands will lead to a rise in the inflation rate are reflected for the second month running in the Financial Times survey of consumer confidence, published today.

The survey shows that confidence of consumers about the future is now at its lowest level for almost two years and the trend is worsening.

Although the November "future confidence" index showed a slight improvement of 1 per cent—minus 14 per cent against minus 15 per cent last month — the longer-term trend has been steadily downward.

The November index averaged over the past six months shows that the proportion of consumers believing that conditions will improve against those who expect a worsening is minus 8 per cent, exactly twice the level for October.

During the year the six monthly average has moved from 16 per cent in January and February (indicating that a majority of 16 per cent of consumers surveyed felt conditions would improve), to 8 per cent in June, *and now November's figure of* minus 8 per cent.

By far the most significant reasons given by consumers for their increased pessimism are rising prices and trade unions, both together accounting for two-thirds of the pessimism.

While consumers in the survey have consistently been concerned about the level of price rises, the number of those giving trade union power and strikes as the reason for pessimism has risen sharply from 6 per cent in September, to 23 per cent in November.

In addition, fears over big pay demands have also risen sharply. In September only 2 per cent of consumers gave this as a reason for pessimism, compared with 8 per cent in November.

It appears that, although unemployment is still at a very high level, this is becoming less of an issue for future concern. Only 6 per cent gave this as a reason for pessimism in November—the same as for last month—compared with 14 per cent in September.

Analysis of the survey results suggests that there is some uncertainty over the attitude of the Government in the present economic situation. Both pessimists and optimists mentioned the Government less as a factor this month.

Among those who felt optimistic about the future the most significant factor was, paradoxically, an increased feeling that inflation was under control. This was quoted by 20 per cent in November, as against only 12 per cent in October.

Broken down by social class and age, the survey results show that ABC1 women were the most pessimistic last month, while male manual workers showed the sharpest increase in optimism. Those aged 34 and under showed a 10 per cent rise in optimism, matched almost by a similar fall in confidence among the 35 to 54 age group.

The past prosperity index, which measures what proportion of consumers feels better off now compared with 12 months ago, fell 4 percentage points from October, to stand at 1 per cent. About 31 per cent of consumers felt more prosperous than a year ago, compared with 30 per cent who felt worse off.

According to the survey, men from both the professional and executive groups as well as *manual workers felt relatively worse off last month, but this* sharp fall in feelings of prosperity balanced a similarly sharp increase the other way last month.

The index showing what proportion of people felt it was the right time to buy "big things for the house" showed its greatest fall this month, dropping five points to show a majority of 21 per cent thinking it a good time to buy.

Male manual workers felt most markedly that it was a bad time to buy now, with a drop of 18 per cent. ABC1 men, from the professional and executive grades, also showed a significant fall of 7 per cent. The corresponding groups of women both recorded an increase in the feeling that now was a good time to buy.

The survey was carried out by the British Market Research *Bureau for the Financial Times* between November 2 and 8.

Cosmetics show steady 25% return

By Colleen Toomey

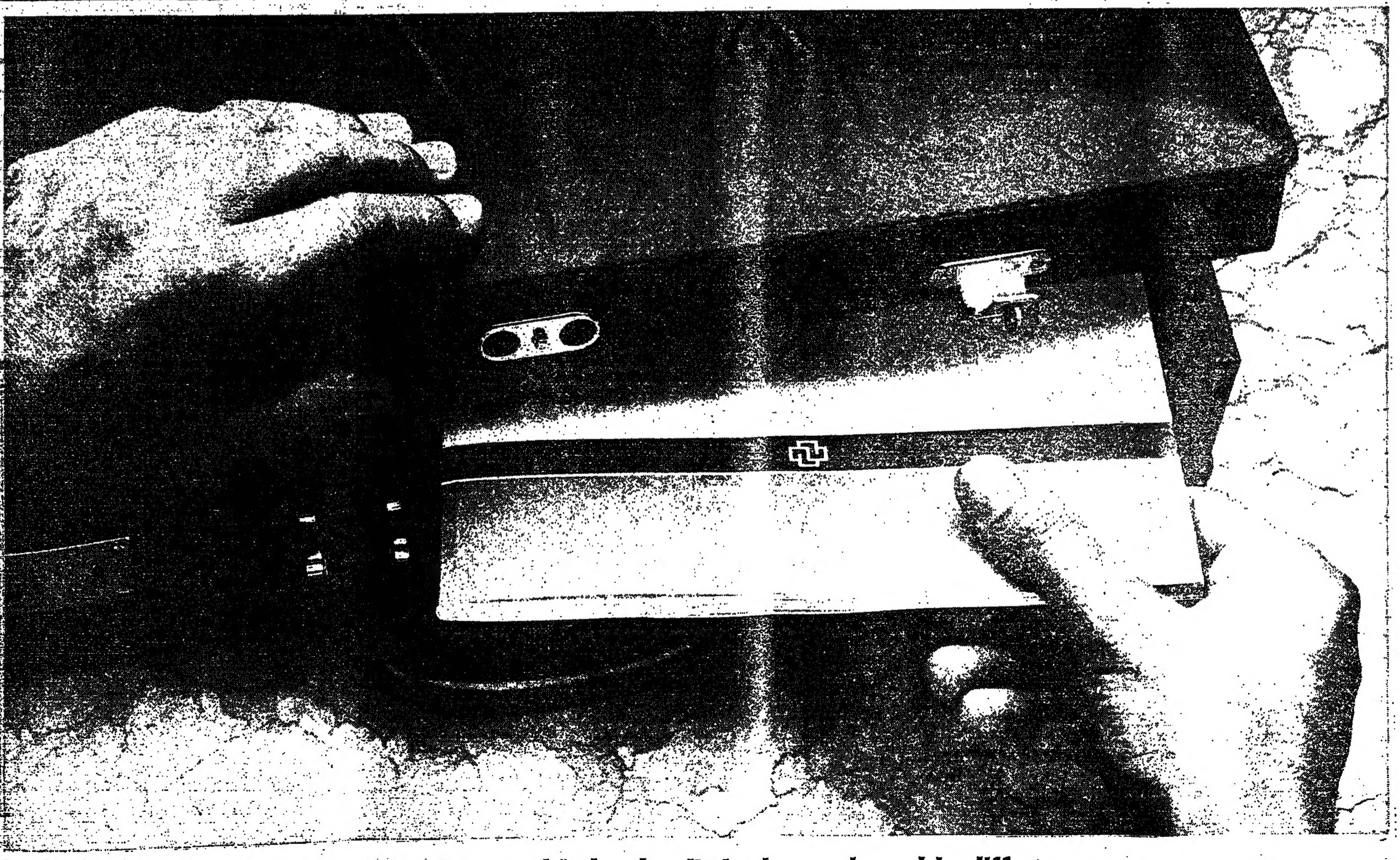
COSMETICS and toiletries are still among the most profitable products manufactured with more than one-quarter of the 80 leading British manufacturers consistently showing a return on capital employed of more than 25 per cent a year.

The latest Inter Company Comparisons Business Ratios' report on toiletries and cosmetics manufacturers for the three years ending December last year, says that, even though the last three years have been a difficult period for the industry with a severe squeeze on disposable incomes, there is now an average return on capital employed of 19.5 per cent.

Cosmetics and toiletries manufacturers listed in the report achieved an overall 36.5 per cent increase in sales—almost on par with the 35 per cent wholesale prices increase shown for the same three-year period in the Government magazine, Trade and Industry.

Profits rose at a slightly slower rate than sales, improving by 34.8 per cent. Average profit margins remained at 7.3 per cent throughout the three years, although what appears to be a stable performance by the industry masks a much more uneven trend among individual companies. One company for instance, saw its margins fall from 14.3 per cent to only 0.7 per cent, while another's margins more than doubled to 10.1 per cent in three years, despite a drop in the final year.

An industry sector analysis on Toiletries and Cosmetics manufacturers. Inter Company Comparisons Business Ratios, 81, City Road, London, EC1. Price £44.



FT SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

[illegible]

Five to Fifteen Years

[illegible]

Over Fifteen Years

[illegible]

Undated

[illegible]

INTERNATIONAL BANK

[illegible]

CORPORATION LOANS

[illegible]

COMMONWEALTH & AFRICAN LOANS

[illegible]

LOANS

Public Board and Ind.

[illegible]

Financial

[illegible]

FOREIGN BONDS & RAILS

Interest Due		Stock	Price £	Last xd	Div % Gross	Red. Yield
—		Antofagasta Rly	23½	8711	—	—
1J	1J	Do 5pc Pref	39xd	13.11	3½p	—
1J	1J	Chilean Mixed	98	3.7	—	13.10
1J	1D	German Yng 4½pc	411	1.6	4½	—
1M	1S	Greek 7pc Ass	50	1.11	3½	17.20
1F	1A	Do 6pc 28 Stab Ass	49	1.2	6	16.24
1A	1O	Do 4pc Mixed Ass	40	3.7	4	15.13

BONDS & RAILS—Cont.

[illegible]

U.S. $ & DM prices exclude inv. $ premium

AMERICANS

[illegible]

S.E. List Premium 40¼% (based on U.S.$1.9430 per £)
Conversion factor 0.7165 (0.7021)

CANADIANS

[illegible]

S.E. List Premium 40¼% (based on $2.2318 per £)

BANKS AND HIRE PURCHASE

[illegible]

BANKS & HP—Continued

[illegible]

Hire Purchase, etc.

[illegible]

BEERS, WINES AND SPIRITS

[illegible]

BUILDING INDUSTRY, TIMBER AND ROADS

[illegible]

CHEMICALS, PLASTICS

[illegible]

CHEMICALS, PLASTICS—Cont.

[illegible]

DRAPERY AND STORES

[illegible]

ELECTRICAL AND RADIO

[illegible]

ENGINEERING MACHINE TOOLS

[illegible]

ENGINEERING—Continued

[illegible]

FOOD, GROCERIES, ETC.

[illegible]

FOOD, GROCERIES—Cont.

[illegible]

HOTELS AND CATERERS

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

FINANCIAL TIMES

BRACKEN HOUSE, 10, CANNON STREET, LONDON EC4P 4BY
Telex: Editorial 886341/2, 883897. Advertisements: 885033. Telegrams: Finantimo, London PS4.
Telephone: 01-248 8000.
For Share Index and Business News Summary in London, Birmingham, Liverpool and Manchester. Tel: 246 8026
INTERNATIONAL AND BRITISH OFFICES

EDITORIAL OFFICES

Amsterdam: P.O. Box 1296 Amsterdam-C. Telex 12171 Tel: 240 555
Birmingham: George House, George Road. Telex 338650 Tel: 021-454 0922
Bonn: Presshaus 11/104 Heussallee 2-10. Telex 8869542 Tel: 210039
Brussels: 39 Rue Ducale. Telex 23283 Tel: 512-9037
Cairo: P.O. Box 2040. Tel: 938510
Dublin: 8 Fitzwilliam Square. Telex 5414 Tel: 785321
Edinburgh: 37 George Street. Telex 72484 Tel: 031-226 4120
Frankfurt: Im Sachsenlager 13. Telex 416263 Tel: 555730
Johannesburg: P.O. Box 2128. Telex 8-6257 Tel: 838-7545
Lisbon: Praca da Alegria 58-1D, Lisbon 2. Telex 12533 Tel: 362 508
Madrid: Espronceda 32, Madrid 3. Tel: 441 6772
Manchester: Queen's House, Queen Street. Telex 666813 Tel: 061-834 9381
Moscow: Sadovo-Samotechnaya 12-24, Apt. 15. Telex 7900 Tel: 200 2748
New York: 75 Rockefeller Plaza, N.Y. 10019. Telex 66390 Tel: (212) 541 4625
Paris: 36 Rue du Sentier, 75002. Telex 220044 Tel: 236 57 43
Rio de Janeiro: Avenida Pres. Vargas 418-10. Tel: 253 4848
Rome: Via della Mercede 55. Telex 610032 Tel: 678 3314
Stockholm: c/o Svenska Dagbladet, Raalambsvagen 7. Telex 17603 Tel: 50 60 88
Tehran: P.O. Box 11-1879. Telex 213930 Tel: 682698
Tokyo: 8th Floor, Nihon Keizai Shimbun Building, 1-9-5 Otemachi, Chiyoda-ku. Telex J 27104 Tel: 241 2920
Washington: 2nd Floor, 1325 E. Street, N.W., Washington D.C. 20004. Telex 440340 Tel: (202) 347 8676

ADVERTISEMENT OFFICES

Birmingham: George House, George Road. Telex 338650 Tel: 021-454 0922
Edinburgh: 37 George Street. Telex 72484 Tel: 031-226 4139
Frankfurt: Im Sachsenlager 13. Telex 16263 Tel: 554667
Leeds: Permanent House, The Headrow. Tel: 0532 454969
Manchester: Queen's House, Queen Street. Telex 666813 Tel: 061-834 9381
New York: 75 Rockefeller Plaza, N.Y. 10019. Telex 238409 Tel: (212) 489 8300
Paris: 36 Rue du Sentier, 75002. Telex 220044 Tel: 236.86.01
Tokyo: Kasahara Building, 1-6-10 Uchikanda, Chiyoda-ku. Telex J 27104 Tel: 295 4050

Overseas advertisement representatives in Central and South America, Africa, the Middle East, Asia and the Far East.
For further details, please contact:
Overseas Advertisement Department,
Financial Times, Bracken House, 10, Cannon Street, London EC4P 4BY

SUBSCRIPTIONS

Copies obtainable from newsagents and bookstalls worldwide or on regular subscription from Subscription Department, Financial Times, London

INDUSTRIALS—Continued

INSURANCE—Continued

LEISURE

MOTORS, AIRCRAFT TRADES

Motors and Cycles

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING ADVERTISING

PROPERTY

INSURANCE

PROPERTY—Continued

SHIPBUILDERS, REPAIRERS

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

INV. TRUSTS—Continued

Finance, Land, etc.

FINANCE, LAND—Continued

OILS

OVERSEAS TRADERS

RUBBERS AND SISALS

TEAS

India and Bangladesh

Sri Lanka

Africa

MINES

CENTRAL RAND

EASTERN RAND

FAR WEST RAND

O.F.S.

FINANCE

DIAMOND AND PLATINUM

CENTRAL AFRICAN

MINES—Continued

AUSTRALIAN

TINS

COPPER

MISCELLANEOUS

GOLDS EX-$ PREMIUM

London quotations for selected South African gold mining shares in U.S. currency excluding the investment dollar premium. These prices are available only to non-UK residents.

Dividends Paid		Stock	Price	Last xd	Div Net	Cvr	Yld Gr's
Feb.	Aug.	Buffels R1	$10⅝	26.6	Q170c	1.8	18.4
Aug.	Feb.	East Drie R1	835c	26.6	†Q78c	2.7	10.8
Aug.	Feb.	East Rand Prp. R1	380c	28.6	—	—	—
June	Dec.	F.S. Geduld 50c	$16½	30.10	Q315c	ϕ	22.0
June	Dec.	Pres. Brand 50c	$10⅝	30.10	Q150c	ϕ	16.3
May	Nov.	St. Helena R1	988c	2.10	Q190c	ϕ	22.2
Aug.	Feb.	Stilfontein 50c	380c	26.6	†Q22c	2.3	6.7
Aug.	Feb.	Vaal Reefs 50c	$17⅛	7.8	Q115c	3.3	7.7
Feb.	Aug.	West Drie R1	$27	26.6	Q385c	1.7	16.4
June	Dec.	West Hldes 50c	$19¼	25	Q415c	ϕ	24.9
Feb.	Aug.	Western Deep R2	962c	7.8	Q82.5c	2.4	9.9

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on the basis of net distribution; bracketed figures indicate 10 per cent. or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution. Yields are based on middle prices, are gross, adjusted to ACT of 33 per cent. and allow for value of declared distributions and rights. Securities with denominations other than sterling are quoted inclusive of the investment dollar premium.

- Δ Sterling denominated securities which include investment dollar premium.
- ■ "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ϕ Figures or report awaited.
- †† Unlisted security.
- ¢ Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividends or forecasts.
- ♦ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♠ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ♥ Excluding a final dividend declaration.
- ♣ Regional price.
- ‖ No par value.

a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend. P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Issue price. F Dividend and yield based on prospectus or other official estimates for 1979-80. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1978-79. K Figures based on prospectus or other official estimates for 1978. M Dividend and yield based on prospectus or other official estimates for 1978. N Dividend and yield based on prospectus or other official estimates for 1979. P Figures based on prospectus or other official estimates for 1978-79. Q Gross. T Figures assumed. Z Dividend total to date. ‡‡ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

"Recent Issues" and "Rights" Page 22

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £400 per annum for each security

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

Albany Inv. 20p	26	......
Ash Spinning	60xd	......
Bertam	25	......
Bdg'wtr Est. 50p	323	......
Clover Croft	28	......
Craig & Rose £1	605	......
Dyson (R. A.) A	37	......
Ellis & McHdy	66xd	......
Evered	25	......
Fife Forge	52	......
Finlay Pkg. 5p	21	......
Graig Ship. £1	140	......
Higsons Brew	75	......
Holt (Jos) 25p	252	......
I.O.M. Stm. £1	178	......
N'thn. Goldsmith	65	......
Pearce (C. H.)	190xd	......
Peel Mills	21	......
Sheffield Brick	52	+4
Sheff. Refrshmt.	67	+1
Sindall (Wm.)	114	......

IRISH

Conv. 9% '80/82	£89½	+⅛
Alliance Gas	96	......
Arnott	350	......
Carroll (P.J.)	95	......
Clondalkin	97	−5
Concrete Prods.	130	......
Heiton (Hldgs.)	39	......
Ins. Corp.	160	......
Irish Ropes	110	......
Jacob	55	......
T.M.G.	172	......
Unidare	88	......

OPTIONS
3-month Call Rates

Industrials	
A. Brew	6½
A.P. Cement	18
B.S.R.	9
Babcock	11
Barclays Bank	25
Beecham	35
Boots Drug	15
Bowaters	16
B.A.T.	24
British Oxygen	6
Brown (J.)	20
Burton 'A'	12
Cadburys	5
Courtaulds	10
Debenhams	8
Distillers	15
Dunlop	7
Eagle Star	11
E.M.I.	14
Gen. Accident	17
Gen. Electric	18
Glaxo	40
Grand Met.	9
G.U.S. 'A'	30
Guardian	18
G.K.N.	22
Hawker Sidd.	20
House of Fraser	12
I.C.I.	20
"Imps"	6
I.C.L.	20
Inveresk	8
KCA	3
Ladbroke	17
Legal & Gen.	14
Lex Service	7
Lloyds Bank	22
"Lots"	4
London Brick	5
Lonrho	5
Lucas Inds.	25
Lyons (J.)	10
"Mams"	7
Mrks. & Spncr	10
Midland Bank	25
N.E.I.	12
Nat. West. Bank	22
Do Warrants	10
P & O Dfd.	8
Plessey	8
R.H.M.	5
Rank Org. 'A'	18
Reed Intnl.	12
Spillers	3
Tesco	4
Thorn	22
Trust Houses	15
Tube Invest.	30
Unilever	35
Utd. Drapery	7½
Vickers	15
Woolworths	5
Property	
Brit. Land	3¼
Cap. Counties	4½
E.P.	5
Intreuropean	4
Land Secs.	16
MEPC	12
Peachey	8
Samuel Props.	9
Town & City	1¼
Oils	
Brit. Petroleum	45
Burmah Oil	5
Charterhall	3
Shell	28
Ultramar	20
Mines	
Charter Cons.	12
Cons. Gold	14
Rio T. Zinc	16

FINANCIAL TIMES
Monday November 20 1978

Motor makers fight Communist dumping

BY MAX WILKINSON

AFTER MORE than five years of inconclusive talks, European makers of electric motors have agreed to take joint action against alleged dumping by Eastern Europe.

The manufacturers expect to agree a detailed complaint on December 15, which will be forwarded to the European Commission in Brussels for action. The Commission has indicated already that talks with the East Europeans could start soon afterwards.

Manufacturers, particularly in Germany, France and to a lesser extent in the UK, have been suffering acutely from an influx of motors from Communist countries, often priced at 30 per cent below those of West European competitors.

As a result, the West European industry is running at only between 60 and 70 per cent of its full capacity.

In some cases, manufacturers say prices asked by East European suppliers do not even cover the cost of material.

As a result of these tactics, Eastern bloc penetration of the Danish market has risen to 50 per cent. Penetration is around 33 per cent in France, Italy, Belgium and Denmark, and in West Germany, it is 15 per cent.

Obstructive

The leaders in the present round of talks in West Europe have been the French. For several years, West German manufacturers have been lukewarm or obstructive over the possibility of taking action against East Europe.

One reason is that West German manufacturers import considerable quantites of motors from East Germany. The West Germans then market them under their own labels.

The East European countries to be named in the complaint are Czechoslovakia, East Germany, Poland and Hungary.

Motors are also being imported to West Europe from Bulgaria, Romania and the USSR in smaller quantities. However, for simplicity, no complaint is to be made against these countries in the first instance.

The European Commission would have power to impose quotas, or tariffs, on imports, but it is more likely to seek a voluntary agreement with the Eastern Europeans.

The formal submisison is being made by COMEL, the co-ordinating committee for Common Market associations of rotating electrical machines. This organisation is now preparing a final draft of the complaint which member associations hope to agree next month

Rival turbine design bids referred to think tank

BY JOHN LLOYD

INCREASINGLY bitter division between Britain's manufacturers of turbine generators has led to the Prime Minister asking the Central Policy Review Staff—the Government's "think tank"—to study the rival turbine designs, and report to the Cabinet.

The think tank's intervention comes as the two turbine manufacturers — General Electric (GEC) and the C. A. Parsons division of Northern Engineering Industries—compete for orders for the two advanced gas-cooled reactor nuclear power stations of Torness and Heysham.

It follows ministerial lobbying by Sir Arnold Weinstock, GEC managing director. Sir Arnold has already been successful in delaying the award of the design contract for the turbines by two months, to early next year.

However, there are fears that the Review Staff report, if leaked, could be damaging to the industry. Its report on the power plant industry as a whole, published last year and sharply critical of certain aspects, was extensively used by overseas competitors as evidence that British companies were inefficient.

The mechanical work on the stations, including the boilers as well as the turbines, will be worth about £550m, of which the boilers will be worth about £120m.

The Clarke Chapman division of Northern Engineering has already been told that it will receive the design contract for the boilers via the Nuclear Power Company, the operating division of the National Nuclear Corporation, though it is believed that the contract has not yet been finalised.

No such decision has yet been taken on the turbines, however, though the Central Electricity Generating Board is thought to have told the Review Staff that it prefers the design known as the six-exhaust system, made by Parsons, over the four-exhaust system, now made by GEC. The South of Scotland Electricity Board, which will build Torness, is also believed to favour the six-exhaust.

However, neither it nor the Central Electricity Generating Board will determine which company makes the four turbines, or how many. That decision is now certain to be taken by the Cabinet.

The basic dispute, into which the Review Staff will inquire, is a technical one, concerning the efficiency of the two systems. Parsons claims that the six-exhaust loses less energy, and is thus more cost-efficient.

GEC says that the four-exhaust is cheaper to build, requires less maintenance and is much better suited to export markets. The company has exported about 7,800 megawatts of four-exhaust turbines.

Parsons has yet to receive an export order for the six-exhaust.

The previous Review Staff report on the industry stressed that export orders should be a prime consideration in the ordering of power plant for UK power stations.

The Cabinet will also wish to take account of the employment situation in the various plants. Northern Engineering's plants, in Tyneside, have a strong case on social grounds, being in an area of high unemployment. They also lack the export work enjoyed by GEC, which has a major plant in Larne, Northern Ireland—though that, too, is an area with a high level of unemployment.

Parsons is confident that its technology is the preferred one, and that if it is awarded the turbine contract, it will strengthen its position for further advanced gas-cooled reactor orders.

GEC may be able, however, to switch back to production of the six-exhaust system—which it once made—and possibly offer a lower price than Parsons.

Hauliers oppose call for link of price index to charges

BY JAMES McDONALD

THE Road Haulage Association says today that there is no justification for the Price Commission's recent recommendation that hauliers' operating charges and profit margins should be pegged for 12 months to the "rate of inflation prevailing in the economy generally."

It has appealed to Mr. Roy Hattersley, Secretary for Prices and Consumer Protection, to refuse to interfere with the road haulage industry in this way.

In a five-page memorandum to Mr. Hattersley, the association lists a number of criticisms of the Commission's report on the industry, which was published last month, and calls for a meeting with the Minister so that it can put its case and discuss the report's shortcomings.

Pegging charges over the next year to the Retail Price Index would be wrong, says the association, because the weighted costs of goods and services covered by the index is not relevant to the majority of the items of expense in a haulage business.

"Increases in the costs of some items, such as vehicles, fuel, wages and vehicle excise duties, have a significantly greater impact on haulage costs than on the Retail Price Index."

The memorandum points out that, while in 1976, the index rose by 13.6 per cent, the association costs rose by 15 per cent. In 1977, the index rose by 9.3 per cent and the association figure by 14 per cent, and in January to June this year, the comparative increases were 4.06 per cent and 5 per cent.

"During the next 12 months the continuous review of the industry which the Commission intends to conduct should identify the increased costs incurred by hauliers, use these increased costs in determining the extent to which haulage charges can be adjusted and, in addition, make due allowance both for the need for hauliers to recoup the reductions in profit margins experienced in recent years and to cover depreciation expenses evaluated on vehicles' replacement costs."

The Commission said in its report that the industry's costs were generally greater than those which ought to be incurred by efficient suppliers.

But the association says that the Commission has failed to recognise the constant spur of competition among hauliers, which makes them carry out their work with the "greatest possible efficiency and at the lowest cost."

Hotpoint factory plan threatened by cheap imports

BY MAX WILKINSON

THE GENERAL Electric Company's plan to build an £11m factory in North Wales to make Hotpoint washing machines, is being reconsidered because of cheap Italian imports.

The new plant, at Rhyl or Llandudno (where GEC already makes washing machines), was expected to provide about 600 jobs.

Mr. Chaim Schreiber, managing director of GEC-Schreiber, which makes Hotpoint, said some Italian machines were being landed in the UK at prices which were well below what he believed were economically justified.

The unfairly cheap prices, particularly of Candy machines, were made possible only because the company was obtaining support from the Italian Government. Otherwise, he did not believe that the company would be viable.

"Candy machines are being sold in the UK at about £130, whereas most UK manufacturers are unable to get the price much under £200.

"This is not because we are less efficient. Our plant is just as efficient as Candy's. The difference is that we have to be profitable, while they, apparently, do not.

"The existence of this kind of competition calls into question our plans to invest in a new factory in North Wales."

Lame duck

Mr. Schreiber said he was not worried by low-priced competition from some Italian companies like Zanussi and Indesit, which he regarded as generally fair.

"Indesit is a very efficient company, which stands on its own feet. We cannot complain about their prices, and we are not frightened by Zanussi. However, when we have to compete against a lame duck across the Channel, which is being supported by its Government, that is another matter."

Mr. Schreiber has protested to the Government about the fact that Candy machines are being marketed in the UK by Electricity boards. He said this gave the machines a kind of official seal of approval which helped private retailers to market cut-price foreign machines.

Candy has increased its UK market share in the last two years from almost zero to between 5 and 6 per cent.

Although Common Market regulations do not allow discrimination against machines imported from member countries, the UK manufacturers would like a tougher stand to be taken by the British Government on the technical approval procedures of foreign machines.

Price range

The Electricity Council said that, three years ago, all the electricity boards' Electra brand washing machines were imported from Zanussi in Italy. However, more than half were now supplied by Hoover in Merthyr Tydfil.

Electricity boards were obliged to stock machines in a complete price range, if they wished to compete with other high street retailers.

It was possible, therefore, that boards were selling machines made by Candy, but they represented a fairly small proportion of total sales.

Robin Reeves adds from Cardiff:

Mr. Mervyn Phillips, chief executive of Clwyd County Council, called on the Government to support British washing machine manufacturers against what clearly was unfair competition.

"Their sales prices are not enough to cover manufacturing costs, let alone provide for profits and the cost of shipping them into Britain. It is patently clear their sales are being subsidised."

The Government should put an end to the unfair competition, either by coming to an agreement with the Spanish and Italians, or by offering equivalent advantages to British manufacturers.

ICI plans to reopen all Teesside plants

BY KEVIN DONE, ENERGY CORRESPONDENT

IMPERIAL CHEMICAL Industries is planning to re-open several important petrochemical plants on Teesside, which have been shut down since the summer because of a shortage of skilled staff.

The closure of the plants had cost the company about £10m in lost profits, Mr. Maurice Hodgson, chairman of ICI, said last week.

The company has been in dispute for nearly two years with the electrical and engineering unions over the training of fitters and electricians to become instrument artificers.

The dispute has not been resolved, and there have been few formal contacts between the two sides. But the company said the success of a recent nationwide recruitment campaign had eased the shortage of artificers, the men who maintain and service control room instrumentation.

The company reported in June that it had only 230 artificers at the key petrochemicals site at Wilton on Teesside. Ideally, it needed 350 to run existing plants and another 50 to commission new plants.

Since June, the company has had to close four plants, and reduce capacity at another. It has also been unable to open a new £20m ethylene oxide derivatives plant which is ready to start production.

The artificer staff has now increased to 260, however, and the shortage has been eased as several apprentices have completed their training.

The first plant to be brought back on stream will be the 450,000 tonnes-a-year ethylene plant, which has been shut for maintenance. ICI now expects to be able to keep both ethylene plants at Wilton in production from the end of November. Only one has been operating since June.

In spite of the recession in petrochemicals trading, ICI has been forced to ship in ethylene from other parts of the UK and from the Continent to replace lost capacity. But supplies have tightened in recent weeks, and with demand picking up, ICI is clearly anxious to have both plants in operation. All the closed plants should be working again by the end of this year.

The shortage of artificers could cause more difficulties next year, however.

Together with BP, ICI has been building a huge 500,000 tonnes-a-year cracker at Wilton at a cost of more than £150m. The plant is two years late, and costs have risen dramatically, but it should finally be ready for commissioning in the first half of 1979 if enough skilled staff can be found. It is possible that another plant will have to be shut to free staff for this project.

THE LEX COLUMN

A year is a short time in gilts

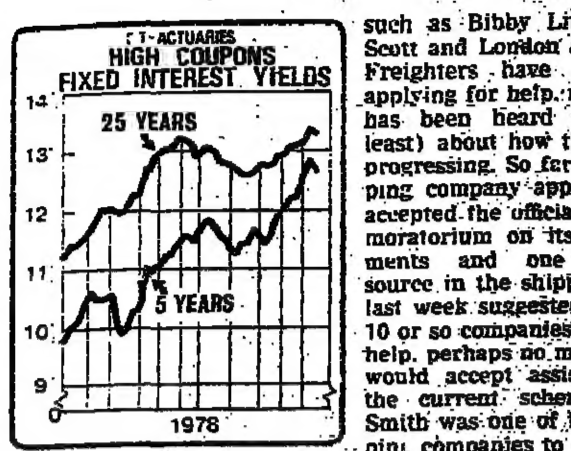
Last Thursday the Society of Investment Analysts held its annual debate on the prospects for the gilt-edged market. Although there were mixed feelings about the outlook for short-term interest rates in the next few months, there was a big majority vote for the view that yields at the long end will fall significantly over the year ahead. But if there are many potential buyers of long-dated gilts, there is also one very big seller—the Government broker, who on Friday brought out £800m-worth of a new long tap, and added £500m of a medium-dated stock for good measure.

In the six months to mid-October the authorities sold a net £3bn of gilt-edged to the non-bank private sector. A large further amount, possibly over £600m, will have been sold during the November banking month. It is unlikely that the Government will need to sell more than another £2bn during the rest of the financial year, and the bulk of that sum is covered by the new taps. The puzzle is why the authorities have felt it necessary to sell so hard, pushing long yields to unprecedentedly high real levels, although the market might at present respond better to a carrot than to a stick.

Price-cutting

The sinister explanation would be that the Government knows something the rest of us do not. But there was nothing in last week's stream of economic statistics to justify its earlier action, 10 days ago, of cutting the price of the previous long tap below the market level. A more likely justification for the recent caution of official gilt-edged tactics is simply that the authorities wish to maintain a modicum of slope in the yield curve ahead of what could be a fairly protracted period of high short-term interest rates.

The Government faces some major economic uncertainties. First, the Cabinet is likely to give its verdict on joining the EMS at its meeting on Thursday week and while a decision to stay out is unlikely to lead to pressure on sterling (foreigners might be more fearful of a devaluation if we were to go in) the Government will clearly wish to appear in firm monetary control. Second, the peak of U.S. short-term interest rates may not be reached until later in the winter, and the Government may well have



decided to anticipate some of this rise rather than face another gilt-edged sales famine at a more awkward moment for sterling.

The Government's third test will come out of the pay round. With a large number of settlements being delayed there is still a great deal to play for. The current policy is to threaten further fiscal measures if big settlements are reached. But the gilt-edged and foreign exchange markets might well decide that if the Government is faced with the stark choice between rising unemployment and devaluation it would eventually opt for the latter—even if after the general election rather than before.

Ahead of a period in which sentiment promises to be volatile the Government can therefore be seen to be taking the bull by the horns. The analysts who follow the gilt-edged market have still not got the proper balance of fiscal and monetary policy which they hanker after. But at least the authorities now seem to be anticipating events rather than trailing behind them, and are prepared to pay the price of running a fiscal deficit of the current size at a time of relatively buoyant economic growth.

Meanwhile the gilt-edged brokers will not be wholly unhappy at the Government's insistence on pre-empting at least £5bn a year of private sector savings. Their equity colleagues may not feel quite the same way.

Shipping lifeboat

It is well over six months since the Government first announced that under certain circumstances it would be prepared to help out UK shipowners when they were having difficulty repaying loans on ships built in Britain. However, while a number of companies such as Bibby Line, Turnbull Scott and London and Overseas Freighters have admitted to applying for help, nothing more has been heard (publicly at least) about how the scheme is progressing. So far no UK shipping company appears to have accepted the official terms for a moratorium on its loan repayments and one well-placed source in the shipping industry last week suggested that of the 10 or so companies applying for help, perhaps no more than one would accept assistance under the current scheme. Reardon Smith was one of the first shipping companies to approach the Government under the official scheme, but in the end it made alternative arrangements, which were no soft option. Apart from getting only a one-year moratorium on its loans (compared with three years under the official scheme) it had to agree to pay only a token dividend during the deferment period and sell a brand new ship at a hefty loss. If the terms of the official scheme are anywhere near as tough as the above, it is understandable why shipping companies have proved reluctant to accept help from the Government.

Clearly, the Government will not want to pour money down the drain by propping up technically bust shipping companies but on the other hand there is not much point in announcing a scheme if the strings attached are prohibitive. With one or two exceptions most UK shipping companies can still weather the recession by selling off tonnage. In fact close to 100 ships have been sold this year—P. & O., for example has sold over 30 in the past couple of years. The size of the UK fleet has been reduced from a peak of 51.9m dwt at the end of 1975 to under 49m dwt today.

Some of these ships have been replaced by modern container tonnage (Britain owns a fifth of the world container fleet) but inevitably some of the ships are being sold to meet UK companies' short-term financial commitments. If the world shipping recession were to drag on well into the next decade there might be circumstances where it could be in the national interest to offer temporary assistance to UK companies, given their important contribution to the balance of payments. But at the moment the current scheme appears to have little relevance.

Continued from Page 1

European elections

political parties with state aid for the election campaign.

Although the Conservatives are opposed to such a move, the Government could secure enough minority party support to get such a bill through Parliament.

Without it, Labour will face serious difficulties in mounting its campaign. The party has scarcely enough cash for a general election campaign next year; and attempts to stretch the funds over local elections, the devolution referendum and assembly campaigns, as well as the European contest, could endanger the party's electoral effectiveness.

The issue has been complicated further by legal problems over the ability of trade unions to offer financial sponsorship to European election candidates.

Labour's cash-starved position is also being bitterly contrasted with the European Community's own generous allocation of funds for an information campaign in Britain.

On top of these acute financial difficulties, the party seems certain to run into more internal wrangling over other aspects of the elections.

The national executive is to consider a proposal for barring all Westminster candidates from standing for the European Parliament unless they withdraw their candidacy for the Commons. The ban has already been imposed on Labour MPs.

But the fiercest argument may develop later over the anti-Market influence which is being exerted on the campaign planning.

Selection of candidates by local parties early next year is expected to show a heavy anti-Market bias.

The Labour Common Market Safeguards Committee—an anti-Market pressure group—has added its weight to the push in this direction by urging aspiring candidates to support its demands for withdrawal from the EEC if Britain's relations with the Community are not drastically reformed.

Labour's national executive intends to reinforce this approach by ensuring that the party's European manifesto maintains a highly sceptical, if not hostile, line.

Weather

UK TODAY

CLOUD AND RAIN spreading from S.E. to all parts. Windy again, especially in N.

London, S.E., Cent. S. E. England, E. Anglia, E. Midlands, Channel Is.

Dry, sunny at first; becoming more cloudy. Some rain in evening. Max. 11C (52F).

W. Midlands, S.W. England, S. Wales

Sunny spells at first, cloud increasing, some rain or drizzle later. Max. 10-11C (50-52F).

N. Wales, N.W., Cent. N., N.E. England, Lakes, Borders, Edinburgh, Dundee

Sunny intervals, scattered showers dying out. Cloud and rain spreading from W. later. Max. 9C (48F).

Is. of Man, S.W. Scotland, Glasgow, Argyll, N. Ireland

Becoming cloudy with some rain or drizzle, hill fog patches. Max. 9C (48F).

Aberdeen, Highlands, Moray Firth, N.E., N.W. Scotland

Bright, showers at first; rain spreading from W., heavy in places. Hill fog, clearer with showers later. Winds strong to gale. Max. 8-9C (46-48F).

Orkney, Shetland

Showers, sunny intervals. Cloud and rain spreading from W. Winds becoming strong to gale. Max. 8C (46F).

Outlook: Mild, but windy. Rain or drizzle at times.

BUSINESS CENTRES

		Y'day mid-day °C	°F			Y'day mid-day °C	°F
Amsdm.	C	11	52	London	R	14	57
Athens	S	16	61	Luxemb'g	C	5	41
Barcelona	F	14	57	Madrid	S	12	54
Belfast	C	6	43	Manchstr	R	10	50
Belgrade	C	0	32	Milan	S	7	45
Berlin	F	11	52	Moscow	S	8	46
Brmghm.	R	12	54	Munich	S	11	52
Bristol	R	12	54	N'castle	R	8	46
Brussels	S	13	55	Oslo	F	11	52
Cardiff	R	12	54	Paris	S	13	55
Cologne	S	12	54	Prague	S	11	52
Cophagn	R	11	52	Reykjavik	H	1	34
Dublin	F	9	48	Rome	S	16	61
Edinbrgh	C	7	45	Stockholm	C	11	52
Frankfurt	C	6	43	Strasberg	F	9	45
Geneva	Fg	2	36	Vienna	C	0	32
Glasgow	C	8	46	Warsaw	S	10	50
Helsinki	R	7	45	Zurich	C	3	37
Lisbon	S	13	55				

HOLIDAY RESORTS

		Y'day mid-day °C	°F			Y'day mid-day °C	°F
Ajaccio	S	17	63	Jersey	C	13	55
Algiers	S	21	70	Las Plms	S	23	73
Biarritz	S	18	64	Locarno	S	9	48
Blackpool	R	9	48	Majorca	C	18	64
Bordeaux	S	14	57	Malaga	S	18	64
Boulogne	S	12	54	Malta	F	18	64
Casablnca	S	19	66	Naples	F	14	57
Corfu	S	17	63	Nice	S	17	63
Dubrovnik	S	17	63	Nicosia	S	20	68
Faro	F	17	63	Oporto	S	16	61
Florence	S	10	50	Rhodes	S	20	68
Funchal	S	20	68	Salzburg	S	10	50
Gibraltar	F	17	63	Tangier	S	21	70
Guernsey	C	14	57	Tenerife	S	19	66
Innsbruck	S	9	48	Tunis	S	19	66
Inverness	F	7	45	Valencia	S	16	61
Is of Man	C	9	48	Venice	S	8	46
Istanbul	F	13	55				

C—Cloudy. F—Fair. H—Haze. R—Rain. S—Sun. Fg—Fog.

Offshore licensing round ends

BY KEVIN DONE, ENERGY CORRESPONDENT

THE SIXTH round of licensing for UK offshore oil and gas exploration closes at noon today. A total of 46 blocks are on offer scattered around various parts of the UK continental shelf.

Interest is expected to focus on a small number of especially attractive prospects in the South Western Approaches, in the central North Sea, and north-west of the Shetland Islands.

The South Western Approaches is one of the few promising areas of the UK continental shelf still entirely unexplored. Several consortia have been formed to bid for prospects in this area, where 15 blocks are on offer.

The other important region being opened up is to the north-west of the Shetland Islands, where 13 concessions are available.

The Government's offshore oil policy has come under increasing attack from the oil industry in recent months, because of the introduction of tougher state controls. Most oil companies already operating in the North Sea, plus a few newcomers, are nevertheless expected to bid in this round—the smallest since offshore licensing began in 1964.

They must take into account several new licensing conditions including the options of offering:

1—the British National Oil Corporation more than the stipulated 51 per cent minimum equity share in concessions;

2—to carry all or part of the corporation's exploration and appraisal costs:

3—to give the corporation flexibility in buying more than its share of crude oil production from any discovery. Oil companies would have to accept only a first stage exploration licence. Production licences would be issued at a later date.

The UK continental shelf as at present designated—some areas between the UK and Ireland are still in dispute—amounts to about 624,556 square kilometres, of which about 60,000 are covered by production licences.

On average a block covers 250 sq km. Licences covering about 24,400 sq km are held by British companies and licences covering about 35,600 sq km by foreign-based companies.

Continued from Page 1

Bid to avert pay chaos

flationary wage claims and battle with the Government.

Mr. Tom Jackson, chairman of the TUC and general secretary of the Union of Post Office Workers, spoke last Wednesday of "rapacious" attitudes while his union was drawing up a 24.4 per cent claim. He could not afford to stand aside amid a wages and prices rat race.

The Government cannot rely on big employers to set the trend for acceptance of its 5 per cent ceiling.

Apart from the 9.75 per cent Ford basic pay offer in a total package of over 16 per cent, regional shop stewards in British Oxygen will be considering today the company's latest 8½ to 9 per cent offer—also above the Government guidelines.

The queue of workers seeking "special case" treatment is lengthening, and the Government's promise in its White Paper to consider groups who suffered from the 1975 cut-off date when Phase One of incomes policy was introduced has been successfully taken up by plumbers and pipe-fitters in the private contracting industry.

Registered at the Post Office. Printed by St. Clement's Press for and published by the Financial Times Ltd., Bracken House, Cannon Street, London, EC4P 4BY.
R